UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 40-F

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **June 30, 2019** Commission File Number: **001-38691**

AURORA CANNABIS INC.

(Exact name of Registrant as specified in its charter)

British Columbia, Canada	**2833**	**N/A**
(Province or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code)*	*(I.R.S. Employer Identification No.)*

Suite 500 – 10355 Jasper Avenue
Edmonton, Alberta
Canada T5J 1Y6
Tel: 1-844-928-7672
(Address and telephone number of Registrant's principal executive offices)

CORPORATION SERVICE COMPANY
251 Little Falls Drive
County of New Castle
Wilmington, Delaware 19808
Tel: 1-800-927-9800
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered:
Common Shares, no par value	**New York Stock Exchange**
Rights to purchase Common Shares, without par value	

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this Form:

x Annual Information Form x Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by the annual report: **1,017,438,744**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).

Yes x No ¨

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company x

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ¨

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

INTRODUCTORY INFORMATION

Aurora Cannabis Inc. (the "**Company**" or "**Aurora**") is a "foreign private issuer" as defined in Rule 3b-4 under Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is a Canadian issuer eligible to file its annual report pursuant to Section 13 of the Exchange on Form 40-F pursuant to the multi-jurisdictional disclosure system (the "**MJDS**") adopted by the United States Securities and Exchange Commission (the "**SEC**"). The Company's common shares are listed on the Toronto Stock Exchange and the New York Stock Exchange under the trading symbol "ACB".

In this annual report, references to "we", "our", "us", the "Company" or "Aurora", mean Aurora Cannabis Inc. and our wholly-owned subsidiaries, unless the context suggests otherwise.

Unless otherwise indicated, all amounts in this annual report are in Canadian dollars and all references to "$" mean Canadian dollar and references to "U.S. dollars" or "US$" are to United States dollars.

AUDITED FINANCIAL STATEMENTS, MANAGEMENT'S DISCUSSION AND ANALYSIS AND ANNUAL INFORMATION FORM

The following principal documents are filed as exhibits to, and incorporated by reference into, this Annual Report:

Document	Exhibit No.
Audited consolidated financial statements of the Company and notes thereto as at and for the year ended June 30, 2019, together with the report thereon of the independent registered public accounting firm	99.5
Management's Discussion and Analysis of the Company for the year ended June 30, 2019 (the " **MD&A**")	99.6
Annual Information Form of the Company for the year ended June 30, 2019 (the " **AIF**")	99.7

FORWARD-LOOKING STATEMENTS

This Annual Report includes or incorporates by reference certain statements that constitute "forward-looking statements" within the meaning of the United States *Private Securities Litigation Reform Act of 1995* (collectively, "**forward-looking statements**" or "**FLS**"). These forward-looking statements are made as of the date of this Annual Report and the Company does not intend, and does not assume any obligation, to update these FLS, except as required under applicable securities legislation. FLS relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, FLS can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature FLS involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the FLS. The Company provides no assurance that FLS will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on FLS. Certain FLS in this Annual Report and the documents incorporated by reference include, but are not limited to the following:

- pro forma measures including revenue, registered medical patients and grams produced;
- the completion of construction of production facilities, associated costs, and receipt of licenses from Health Canada to produce and sell cannabis and cannabis related products from these facilities;
- the successful integration of CanniMed and MedReleaf and other subsidiaries into Aurora's operations;
- strategic investments and capital expenditures, and related benefits;
- future growth expansion plans;
- expectations regarding production capacity, costs and yields; and
- product sales expectations and corresponding forecasted increases in revenues.

The above and other aspects of the Company's anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these FLS are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such FLS are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties,

and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. These risks include, but are not limited to, the ability to retain key personnel, the ability to continue investing in infrastructure to support growth, the ability to obtain financing on acceptable terms, the continued quality of our products, customer experience and retention, the development of third party government and non-government consumer sales channels, management's estimates of consumer demand in Canada and in jurisdictions where the Company exports, expectations of future results and expenses, the availability of additional capital to complete construction projects and improvements to facilities, the risk of unsuccessful integration of acquired business and operations, management's estimation that selling, general and administrative expense will grow only in proportion to revenue growth, the ability to expand and maintain distribution capabilities, the impact of competition, the general impact of financial market conditions, the yield from cannabis growing operations, product demand, changes in prices of required commodities, competition, and the possibility of changes in laws, rules, and regulations in the industry as well as updates provided herein. **See also "Description of the Business - Risk Factors" in the AIF.**

This discussion, and the discussion of risk factors contained in the AIF and MD&A incorporated by reference herein, are not exhaustive of the factors that may affect any of forward-looking statements or information concerning the Company.

NOTE TO UNITED STATES READERS: DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Company is permitted to prepare this Annual Report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company has historically prepared its consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, which differ in certain respects from United States generally accepted accounting principles ("**US GAAP**") and from practices prescribed by the SEC. Therefore, the Company's financial statements incorporated by reference in this Annual Report may not be comparable to financial statements prepared in accordance with U.S. GAAP.

CURRENCY

Unless otherwise indicated, all dollar amounts in this Annual Report are in Canadian dollars. The exchange rate of Canadian dollars into United States dollars, on June 28, 2019 based upon the daily exchange rate as quoted by the Bank of Canada was U.S.$1.00 = Cdn.$1.3087.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act to mean controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, our management carried out an evaluation, under the supervision of our Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), of the effectiveness of the Company's disclosure controls and procedures. Based upon that evaluation, our CEO and CFO concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective in providing reasonable assurance that the information required to be disclosed by the Company in reports that we file or submit to the SEC under the Exchange Act is:

- recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and
- accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

It should be noted that while our CEO and CFO believe that the Company's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the Company's disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met.

Management's Report on Internal Control over Financial Reporting

This Annual Report does not include a report of management's assessment regarding internal control over financial reporting due to a transition period established by rules of the SEC for newly established public companies.

No Auditor's Attestation Report

This Annual Report does not include an attestation report of the Company's independent registered public accounting firm relating to the Company's internal control over financial reporting due to a transition period established by rules of the SEC for newly public companies. In addition, as an "emerging growth company" (as such term is defined in Rule 12b-2 under the Exchange Act), the Company otherwise would not be required to provide such a report. The Company will be required to provide an attestation report when it no longer qualifies as an emerging growth company.

Changes in Internal Control over Financial Reporting

During the period covered by this Annual Report, no significant changes occurred in the Company's internal controls over financial reporting that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. Given the fast pace of ongoing expansion of the business, management has also performed additional account reconciliations and other analytical and substantive procedures to ensure reliable financial reporting and the preparation of financial statements in accordance with IFRS.

CORPORATE GOVERNANCE

The Company's Board of Directors (the "**Board**") is responsible for the Company's corporate governance and has the following separately-designated standing committees: the Nominating and Corporate Governance Committee, the Human Resources and Compensation Committee, the Audit Committee and the Science Committee. The charters of each committee can be viewed on the Company's corporate website at https://investor.auroramj.com/about-aurora/corporate-governance/. In addition, the Company's Audit Committee Charter is attached as Schedule "A" to the Annual Information Form, which is filed as Exhibit 99.7 to this Annual Report.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee (the "**N&CG Committee**") is responsible for screening nominees to the Board. The N&CG Committee annually assesses the skills and qualifications of directors and nominees to ensure the members of the board of directors have the requisite skills and qualifications to meet the current needs of the Company. This N&CG Committee meets as required to review and make recommendations to the board of directors on all direct and indirect compensation, benefits and perquisites for senior management and directors of the Company. The N&CG Committee is comprised of Norma Beauchamp (Chair), Ronald Funk and Jason Dyck. The Board has determined that all three members of the N&CG Committee are independent, based on the criteria for independence prescribed by Section 303A.02 of the NYSE Listed Company Manual.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee (the "**HR&C Committee**") is responsible for (a) reviewing and approving directors' and executive compensation based on the Company's goals and objectives, (b) reviewing and approving the Company's incentive compensation and equity-based plans and arrangements, and (c) reporting regularly to the Board on the activities of the HR&C Committee. To make its recommendation on directors' and executive officer compensation, the HR&C Committee takes into account the types of compensation and the amounts paid to directors and executive officers of comparable publicly traded Canadian companies. The HR&C Committee is comprised of Adam Szweras (Chair), Norma Beauchamp and Ronald Funk. The Board has determined that all of the members of the HR&C Committee are independent, based on the criteria for independence prescribed by Section 303A.02 of the NYSE Listed Company Manual.

Science Committee

The Science Committee reviews all ongoing research initiatives, provides strategic advice and brings recommendations to the Board and management regarding all scientific matters involving the Company's research and discovery science programs, including research progress, strategic research direction, research team governance, research priorities, the acquisition of potential product opportunities and new research team nominees. The Science Committee is comprised of Jason Dyck (Chair), Norma Beauchamp

and Margaret Shan Atkins. The Board has determined that all of the members of the Committee are independent, based on the criteria for independence prescribed by Section 303A.02 of the NYSE Listed Company Manual.

AUDIT COMMITTEE

Our Board has established a separately-standing Audit Committee in accordance with Section 3(a)(58)(A) of the Exchange Act and Section 303A.06 of the NYSE Listed Company Manual for the purpose of overseeing our accounting and financial reporting processes and the audit of our annual financial statements.

The Audit Committee is comprised of Margaret Shan Atkins (Chair), Adam Szweras and Ronald Funk. Our Board has determined that the Audit Committee meets the composition requirements set forth by Section 303A.07 of the NYSE Listed Company Manual, and that each of the members of the Audit Committee is independent as determined under Rule 10A-3 of the Exchange Act and Section 303A.02 of the NYSE Listed Company Manual. All three members of the Audit Committee are financially literate, meaning they are able to read and understand the Company's financial statements and to understand the breadth and level of complexity of the issues that can reasonably be expected to be raised in the Company's financial statements.

Our Board has determined that Margaret Shan Atkins qualifies as an "audit committee financial expert" (as defined in paragraph (8)(b) of General Instruction B to Form 40-F), has financial management expertise (pursuant to section 303A.07 of the NYSE Listed Company Manual) and is independent (as determined under Exchange Act Rule 10A-3 and section 303A.02 of the NYSE Listed Company Manual).

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT AUDITOR

The Audit Committee Charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors and requires the Audit Committee to pre-approve all permitted non-audit services to be provided by the Company's external auditors, in accordance with applicable law.

PRINCIPAL ACCOUNTING FEES AND SERVICES - INDEPENDENT AUDITORS

The following table sets forth information regarding amounts billed to us by our independent auditor for each of our last two fiscal years ended June 30 in Canadian dollars:

Financial Period Ending	Audit Fees ($)[1]	Audit Related Fees ($)[2]	Tax Fees ($)[3]	All Other Fees ($)[4]
2019	1,655,500	19,341	967,352	—
2018 [5]	890,000	—	15,345	—

Notes

(1) "Audit Fees" includes fees for the performance of the annual audit and quarterly reviews of the financial statements, which includes the audit of significant transactions and matters.

(2) "Audit-Related Fees" includes fees for assurance related services that have not been reflected under (1). This includes, but is not limited to, the review of the Annual Information Form, consultations on new accounting standards and matters and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" includes fees for tax compliance, tax planning, tax structuring and tax advice. The Company incurred $176,000 of tax compliance fees for the financial period ending June 30, 2019.

(4) "All Other Fees" refers to fees for ad hoc projects, which include reviews of prospectus and financing documents.

(5) MNP LLP, Chartered Professional Accountants ("**MNP**"), was the auditor of Aurora for Aurora's financial year ended June 30, 2018. MNP resigned as the auditors of Aurora, effective July 1, 2018, the beginning of Aurora's fiscal year 2019, to facilitate the appointment of KPMG. For more information, refer to the Notice of Change of Auditor dated September 25, 2018 filed under Aurora's SEDAR profile on October 3, 2018. The 2018 external auditor fees were billed by MNP.

Audit Committee Pre-Approval Policies

From time to time, management of the Company recommends to, and requests approval from, the audit committee for audit and non-audit services to be provided by the Company's auditor.

The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor. The pre-approval of non-audit services must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

The Audit Committee may satisfy its duty to pre-approve non-audit services by adopting specific policies and procedures for the engagement of the non-audit services, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each non-audit service and the procedures do not include delegation of the Audit Committee's responsibilities to management.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any "off-balance sheet arrangements", as defined in General Instruction B(11) to Form 40-F, that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

CODE OF ETHICS

We have adopted a Code of Business Conduct and Ethics (the "**Code**") that applies to our officers (including without limitation, the CEO, CFO and other high-ranking financial officers), employees and directors of the Company and its subsidiaries and promotes, among other things, honest and ethical conduct. The Code meets the requirements for a "code of ethics" within the meaning of that term under Form 40-F. The Code of Ethics was reviewed and approved by the Company's Board of Directors on October 11, 2018. The Code is available under the Company's profile on www.SEDAR.com and on the Company's website at https://investor.auroramj.com/about-aurora/corporate-governance/.

No substantive amendments were made to the Code during the fiscal year ended June 30, 2019, and no waivers of the Code were granted to any principal officer of the Company or any person performing similar functions during the fiscal year ended June 30, 2019.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table lists, as of June 30, 2019, information with respect to the Company's known contractual obligations (in thousands):

		Payments due by period			
	Total ($)	**Less than one year ($)**	**1 - 3 years ($)**	**3 - 5 years ($)**	**More than 5 years ($)**
Long-Term Debt Obligations	737,780	50,427	186,186	501,167	—
Capital (Finance) Lease Obligations	1,529	449	763	317	—
Operating Lease Obligations	92,591	11,348	20,399	19,188	41,656
Contingent Consideration [(1)]	60,769	53,512	7,257	—	—
Purchase Obligations [(2)]	387,561	249,658	38,097	41,779	58,027
Provisions	4,200	4,200	—	—	—
Other long-term liabilities reflected on Aurora's balance sheet [(3)]	269,281	—	—	177,395	91,886
Total	1,553,711	369,594	252,702	739,846	191,569

Notes:

(1) Contingent consideration represents the gross amount estimated to be paid out on achievement of future performance milestones related to acquisitions.

(2) Purchase obligations include capital commitments, licensing and sponsorship fees.

(3) Other long-term liabilities reflected on the balance sheet as at June 30, 2019, includes derivative liabilities and deferred tax liabilities.

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Company sent during the year ended June 30, 2019 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

NYSE CORPORATE GOVERNANCE

The Company complies with corporate governance requirements of both the TSX and the NYSE. As a foreign private issuer the Company is not required to comply with all of the corporate governance requirements of the NYSE; however, the Company adopts best practices consistent with domestic NYSE listed companies when appropriate to its circumstances.

The Company has reviewed the NYSE corporate governance requirements and confirms that, except as described below, the Company is in compliance with the NYSE corporate governance standards in all significant respects:

***Shareholder Meeting Quorum Requirement*:** The NYSE is of the opinion that the quorum required for any meeting of shareholders should be sufficiently high to ensure a representative vote. The Company's quorum requirement is set forth in its Articles. A quorum for a meeting of shareholders of the Company is present if there are two persons who are, or who represent by proxy, one or more shareholders who, in the aggregate, hold at least five percent of the issued common shares. This is consistent with the laws, customs and practices in Canada.

***Proxy Delivery Requirement*:** The NYSE requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings and requires that these proxies shall be solicited pursuant to a proxy statement that conforms to SEC proxy rules. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act, and the equity securities of the Company are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

Shareholder Approval Requirement: The NYSE requires shareholder approval for issuances of common shares, or any securities convertible or exercisable into common shares:

(a) to directors, officers or substantial security holders of the Company (each, a " **Related Party**"), a subsidiary, affiliate or other closely-related person of a Related Party or any company or entity in which a Related Party has a substantial interest, where the number of common shares, or the number of common shares into which the securities are convertible or exercisable, exceeds either (i) 1% of the outstanding common shares before the issuance; or (ii) 1% of the voting power of the outstanding common shares before the issuance, in either case except for substantial security holders paying cash and full book and market value for less than 5% of the number of common shares and voting power outstanding before the issuance;

(b) the common shares, or the number of common shares into which the securities are convertible or exercisable, constitute at least (i) 20% of the voting power of the outstanding common shares before the issuance; or (ii) 20% of the outstanding common shares before the issuance, in either case except for public offerings of common shares for cash and private financings involving sales of common shares at a price, or securities convertible or exercisable into common shares with a conversion or exercise price, of at least the market values of the common shares; and

(c) where the issuance would result in a change of control of the Company.

The Company will follow TSX rules for shareholder approval of new issuances of its common shares, in lieu of the foregoing requirements of the NYSE. Following TSX rules, shareholder approval is required for certain issuances of shares that: (i) materially affect control of the listed issuer; or (ii) provide consideration to insiders in aggregate of 10% or greater of the market capitalization of the listed issuer, during any six-month period, and has not been negotiated at arm's length. Shareholder approval is also required, pursuant to TSX rules, in the case of private placements: (a) for an aggregate number of listed securities issuable greater than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction if the price per security is less than the market price; or (b) that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the closing of the first private placement to an insider during the six month period. The rules of the TSX also require shareholder approval in connection with an acquisition by a listed issuer where the number of securities issued or issuable in payment of the purchase price for the acquisition exceeds 25% of the number of securities of the listed issuer that are outstanding, on a non-diluted basis.

Equity Compensation Plans: The NYSE also requires shareholder approval of all plans or other arrangements that provide for equity securities as compensation to employees, directors or service providers, and any material revisions to such plans or arrangements, except for certain plans and arrangements, including:

(a) those plans or arrangements allowing employees, directors or service providers to buy such securities on the open market or from the Company for current fair market value;

(b) grants of options or other equity-based compensation as a material inducement upon hiring or to new employees in connection with a merger or acquisition; and

(c) conversions, replacements or adjustments of outstanding options or other equity compensation awards to reflect a merger or acquisition.

The TSX requires shareholder approval of all security based compensation arrangements, and any material amendments to such arrangements, except for arrangements used as an inducement to persons or companies not previously employed by and not previously an insider of the listed issuer, provided that: (i) such persons or companies enter into a contract of full time employment as an officer of the listed issuer; and (ii) the number of securities made issuable to such persons or companies during any twelve month period does not exceed in aggregate 2% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date the exemption is first used during such twelve month period. Such shareholder approval is required when the security-based arrangement is instituted and every three years thereafter if the arrangement does not have a fixed maximum aggregate of securities issuable. The TSX considers a security-based compensation arrangement to be any compensation or incentive mechanism involving the issuance from treasury or potential issuance from treasury of securities of a listed issuer.

Insiders of a listed issuer that are entitled to receive a benefit under a security-based compensation arrangement are not eligible to vote their securities in respect of the shareholder approval required by the TSX unless such security-based compensation arrangement contains an “insider participation limit”. An “insider participation limit” is a provision typically found in security-based compensation arrangements which limits the number of a listed issuer’s securities: (i) issued to insiders of the listed issuer, within any one-year period; and (ii) issuable to insiders of the listed issuer at any time, to 10% of the listed issuer’s total issued and outstanding securities.

For the purposes of security-based compensation arrangements, the definition of “insider” would include the CEO, CFO, all directors of the listed issuer and its major subsidiaries, any person responsible for a principal business unit, division or function, and any shareholder that has beneficial ownership or control or direction over, more than 10% of the issued and outstanding common shares of the listed issuer. The Company obtains shareholder approval of its equity compensation plans in accordance with applicable rules and regulations of the TSX.

Compensation and Corporate Governance Committee Independence Requirement: The NYSE requires listed companies to have a compensation committee and a nominating/corporate governance committee, each of which must be composed entirely of independent directors, as determined using the criteria prescribed by Section 303A.02 of the NYSE Listed Company Manual. The NYSE rules permit listed companies to allocate the responsibilities of the compensation and nominating/corporate governance committees to committees of their own denomination provided that the committees are composed entirely of independent directors.

The Company has a separately-designated standing Nominating and Corporate Governance Committee, and a separately-designated standing Human Resources and Compensation Committee. The Board of Directors has determined that all three members of the Nominating and Corporate Governance Committee (Norma Beauchamp (Chair), Ronald Funk and Jason Dyck) are independent, and all three members of the Human Resources and Compensation Committee (Adam Szweras (Chair), Norma Beauchamp and Ron Funk) are independent.

The foregoing is consistent with the laws, customs and practices in Canada.

MINE SAFETY DISCLOSURE

Not applicable.

UNDERTAKING

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered

pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Company has previously filed with the SEC a written consent to service of process on Form F-X. Any change to the name or address of the Company's agent for service shall be communicated promptly to the SEC by amendment to the Form F-X referencing the file number of the Company.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Company certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: September 11, 2019

AURORA CANNABIS INC.

By: /s/ Terry Booth

Terry Booth
Chief Executive Officer

EXHIBIT INDEX

Exhibit Number	Exhibit Description
99.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.3	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.4	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 7
99.5	Audited consolidated financial statements of the Company and notes thereto as at and for the year ended June 30, 2019, together with the report thereon of the independent auditor
99.6	Management's Discussion and Analysis for the year ended June 30, 2019
99.7	Annual Information Form of the Company for the year ended June 30, 2019
99.8	Consent of KPMG LLP
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

CERTIFICATION

I, Terry Booth, certify that:

1. I have reviewed this annual report on Form 40-F of Aurora Cannabis Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

By: /s/ Terry Booth
Terry Booth
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Glen Ibbott, certify that:

1. I have reviewed this annual report on Form 40-F of Aurora Cannabis Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

By: /s/ Glen Ibbott
Glen Ibbott
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Aurora Cannabis Inc. (the "Company") on Form 40-F for the period ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Terry Booth, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

September 11, 2019

By: /s/ Terry Booth
Terry Booth
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Aurora Cannabis Inc. and will be retained by Aurora Cannabis Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Aurora Cannabis Inc. (the "Company") on Form 40-F for the period ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Glen Ibbott, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

September 11, 2019

By: /s/ Glen Ibbott
Glen Ibbott
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Aurora Cannabis Inc. and will be retained by Aurora Cannabis Inc. and furnished to the Securities and Exchange Commission or its staff upon request.



AURORA CANNABIS INC.

Consolidated Financial Statements

For the years ended June 30, 2019 and 2018
(In Canadian Dollars)

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Management's Responsibility

To the Shareholders of Aurora Cannabis Inc.:

Management is responsible for the preparation and presentation of the consolidated financial statements and accompanying note disclosures in accordance with International Financial Reporting Standards. This responsibility includes selection of appropriate accounting policies and principles as well as decisions related to significant estimates and areas of judgment.

In discharging its responsibilities to support the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information.

The Board of Directors and Audit Committee are primarily composed of independent Directors. The Board is responsible for the oversight of management in the performance of its financial reporting responsibilities and approval of the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Audit Committee is also responsible for recommending the appointment of the Company's external auditors.

KPMG LLP, an independent firm of Chartered Professional Accountants, has been appointed by the Company's shareholders to audit the consolidated financial statements and report directly to them. The external auditors have full and free access to the Audit Committee and management to discuss their audit findings.

September 10, 2019

"Terry Booth"
Terry Booth
Chief Executive Officer

"Glen Ibbott"
Glen Ibbott
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Aurora Cannabis Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Aurora Cannabis Inc. (the Company) as of June 30, 2019, the related consolidated statements of comprehensive (loss) income, changes in equity, and cash flows for the year then ended, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2019, and the results of its operations and its cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The consolidated financial statements of the Company, as at June 30, 2018, and for the year then ended, were audited by another auditor, in accordance with Canadian generally accepted auditing standards, whose report dated September 24, 2018, expressed an unmodified audit opinion on those consolidated financial statements.

Changes in Accounting Principles

As discussed in Note 2 to the consolidated financial statements, the Company has changed its accounting for revenue recognition and financial instruments in 2019 due to the adoption of IFRS 15 - *Revenue from Contracts with Customers* and IFRS 9 - *Financial Instruments*.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ KPMG LLP

Chartered Professional Accountants

We have served as the Company's auditor since 2019.

Vancouver, Canada
September 10, 2019

AURORA CANNABIS INC.

Consolidated Statements of Financial Position

As at June 30, 2019 and June 30, 2018
(Amounts reflected in thousands of Canadian dollars)

	Notes	June 30, 2019	June 30, 2018
		$	$
Assets			
Current			
Cash and cash equivalents		172,727	76,785
Restricted cash	19	46,066	13,398
Accounts receivable	3, 26(a)	103,493	15,096
Income taxes receivable		8,833	—
Marketable securities	5(a)	143,248	59,188
Biological assets	7	51,836	13,620
Inventory	8	113,641	29,595
Prepaids and other current assets		24,323	7,594
Assets held for distribution to owners		—	4,422
		664,167	219,698
Property, plant and equipment	9	765,567	246,352
Derivatives	5(b)	86,409	124,942
Deposits		6,926	—
Investments in associates and joint ventures	6	118,845	334,442
Intangible assets	12	688,366	200,332
Goodwill	12	3,172,550	760,744
Total assets		5,502,830	1,886,510
Liabilities			
Current			
Accounts payable and accrued liabilities	26(b)	152,884	47,456
Income taxes payable		—	1,659
Deferred revenue		749	2,266
Convertible debentures	13	235,909	—
Loans and borrowings	14	13,758	2,451
Contingent consideration payable	25	28,137	21,333
Deferred gain on derivatives		728	—
Provisions	22(b)	4,200	—
		436,365	75,165
Convertible debentures	13	267,672	191,528
Loans and borrowings	14	127,486	9,232
Derivative liability	13(v)	177,395	—
Deferred gain on derivatives		—	2,254
Other long-term liability		11,979	—
Deferred tax liability	20	91,886	55,405
Total liabilities		1,112,783	333,584
Shareholders' equity			
Share capital	15	4,673,118	1,466,433
Reserves		139,327	(5,285)
Accumulated other comprehensive loss		(143,170)	(533)
(Deficit) retained earnings		(283,638)	87,749
Total equity attributable to Aurora shareholders		4,385,637	1,548,364
Non-controlling interests	11	4,410	4,562
Total equity		4,390,047	1,552,926
Total liabilities and equity		5,502,830	1,886,510

Nature of Operations (Note 1)
Strategic Investments (Note 4)
Commitments and Contingencies (Note 22)
Subsequent Events (Note 28)

The accompanying notes are an integral part of these Consolidated Financial Statements.

AURORA CANNABIS INC.

Consolidated Statements of Comprehensive (Loss) Income

Years ended June 30, 2019 and 2018

(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

	Notes	2019	2018
		$	$
Revenue from sale of goods	23	271,105	46,975
Revenue from provision of services		9,992	8,221
Gross revenue		281,097	55,196
Excise taxes	23	(33,158)	—
Net revenue		247,939	55,196
Cost of sales		112,526	19,603
Gross profit before fair value adjustments		135,413	35,593
Changes in fair value of inventory sold		72,129	17,624
Unrealized gain on changes in fair value of biological assets	7	(96,531)	(25,550)
Gross profit		159,815	43,519
Expense			
General and administration		172,365	42,965
Sales and marketing		99,289	29,445
Acquisition costs		17,217	15,664
Research and development		14,778	1,679
Depreciation and amortization	9, 12	63,371	12,088
Share-based compensation	16(a)(b)	107,039	37,450
		474,059	139,291
Loss from operations		(314,244)	(95,772)
Other (expense) income			
Interest and other income		3,679	2,515
Finance and other costs		(41,025)	(11,762)
Foreign exchange loss		(3,814)	(1,038)
Other income, net	18	109,464	183,384
Impairment of investment in associates	6	(73,289)	—
Impairment of intangible assets and goodwill		(9,002)	—
		(13,987)	173,099
(Loss) income before taxes		(328,231)	77,327
Income tax recovery (expense)			
Current	20	7,050	(1,659)
Deferred, net	20	23,257	(6,441)
		30,307	(8,100)
Net (loss) income		(297,924)	69,227
Other comprehensive (loss) income that will not be reclassified to net (loss) income			
Deferred tax recovery (expense)		11,948	(55)
Unrealized losses on marketable securities	5(a)	(78,837)	(6,616)
		(66,889)	(6,671)
Other comprehensive (loss) income that may be reclassified to net (loss) income			
Share of income from investment in associates		352	—
Foreign currency translation (loss) gain		(5,629)	86
		(5,277)	86
Total other comprehensive loss		(72,166)	(6,585)
Comprehensive (loss) income		(370,090)	62,642

AURORA CANNABIS INC.

Consolidated Statements of Comprehensive (Loss) Income

Years ended June 30, 2019 and 2018

(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

(Continued)

	Notes	2019	2018
		$	$
Net (loss) income attributable to:			
Aurora Cannabis Inc.		(290,837)	71,936
Non-controlling interests		(7,087)	(2,709)
Comprehensive (loss) income attributable to:			
Aurora Cannabis Inc.		(362,962)	65,351
Non-controlling interests		(7,128)	(2,709)
Net (loss) earnings per share			
Basic	17	($0.29)	$0.16
Diluted	17	($0.29)	$0.15

The accompanying notes are an integral part of these Consolidated Financial Statements.

AURORA CANNABIS INC.

Consolidated Statements of Changes in Equity

Years ended June 30, 2019 and 2018

(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

		Share Capital		Reserves					AOCI							
	Note	Common Shares	Amount	Share-Based Compensation	Compensation Options/ Warrants	Convertible Notes	Change in Ownership Interest	Total Reserves	Fair Value	Deferred Tax	Associate OCI Pick-up	Foreign Currency Translation	Total AOCI	Retained Earnings (Deficit)	Non-Controlling Interests	Total
		#	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Balance, June 30, 2018		568,113,131	1,466,433	38,335	307	41,792	(85,719)	(5,285)	(539)	(55)	—	61	(533)	87,749	4,562	1,552,926
Shares issued for business combinations & asset acquisitions	15(b) (i)	431,325,634	3,060,894	75,490	27,111	—	—	102,601	—	—	—	—	—	—	—	3,163,495
Shares released for earn out payments		243,726	18,227	—	—	—	—	—	—	—	—	—	—	—	—	18,227
Conversion of notes		331,328	1,539	—	—	(520)	—	(520)	—	—	—	—	—	—	—	1,019
Deferred tax on convertible notes		—	—	—	—	413	—	413	—	—	—	—	—	—	—	413
Exercise of stock options	16(a)	14,426,904	108,150	(60,776)	—	—	—	(60,776)	—	—	—	—	—	—	—	47,374
Exercise of warrants	15(c)	2,252,224	13,903	—	(1,964)	—	—	(1,964)	—	—	—	—	—	—	—	11,939
Exercise of compensation options	15(d)	3,609	38	—	(21)	—	—	(21)	—	—	—	—	—	—	—	17
Exercise of RSUs	16(b)	742,188	2,482	(2,482)	—	—	—	(2,482)	—	—	—	—	—	—	—	—
Forfeited options	16(a)	—	—	(674)	—	—	—	(674)	—	—	—	—	—	674	—	—
Share-based compensation	16(a) (b)	—	—	94,054	15,062	—	—	109,116	—	—	—	—	—	—	—	109,116
Contribution from NCI	11	—	—	—	—	—	—	—	—	—	—	—	—	—	5,854	5,854
Change in ownership interests in subsidiaries	11	—	—	—	—	—	(1,081)	(1,081)	—	—	—	—	—	—	1,081	—
Australis Capital first tranche private placement proceeds	4(k)	—	7,800	—	—	—	—	—	—	—	—	—	—	—	—	7,800
Australis Capital NCI reclass on loss of control		—	(6,348)	—	—	—	—	—	—	—	—	—	—	—	6,348	—
Spin-out of Australis Capital	4(k)	—	—	—	—	—	—	—	—	—	—	—	—	(151,695)	(6,348)	(158,043)
Reclass gain from Australis Capital shares on derecognition upon spin-out		—	—	—	—	—	—	—	(76,873)	6,402	—	—	(70,471)	70,471	—	—
Comprehensive income (loss) for the period		—	—	—	—	—	—	—	(78,837)	11,948	352	(5,629)	(72,166)	(290,837)	(7,087)	(370,090)
Balance, June 30, 2019		1,017,438,744	4,673,118	143,947	40,495	41,685	(86,800)	139,327	(156,249)	18,295	352	(5,568)	(143,170)	(283,638)	4,410	4,390,047

(1) As at June 30, 2019, there are 723,255 shares in escrow (June 30, 2018 - 2,822,512 common shares). These securities were originally deposited in escrow on November 30, 2017 in connection with the acquisition of H2 (Note 10(c)). The escrowed common shares are to be released upon receipt of relevant licenses to cultivate and sell cannabis. During the year ended June 30, 2019, the Company released 2,099,257 escrowed common shares on achievement of the milestones (June 30, 2018 - 238,044 common shares).

The accompanying notes are an integral part of these Consolidated Financial Statements.

AURORA CANNABIS INC.

Consolidated Statements of Changes in Equity

Years ended June 30, 2019 and 2018

(Amounts reflected in thousands of Canadian dollars, except share and per share amounts)

(Continued)

		Share Capital		Reserves					AOCI						
		Common Shares	Amount	Share-Based Compensation	Compensation Options/ Warrants	Convertible Notes	Change in Ownership Interest	Total Reserves	Fair Value	Deferred Tax	Foreign Currency Translation	Total AOCI	Retained Earnings (Deficit)	Non-Controlling Interests	Total
		#	$	$	$	$	$	$	$	$	$	$	$	$	$
Balance, June 30, 2017		366,549,244	221,447	7,591	3,420	9,734	—	20,745	6,077	(885)	(25)	5,167	(28,426)	—	218,933
Shares issued for business combinations & asset acquisitions	15(b)(i)	78,769,707	825,085	—	—	—	—	—	—	—	—	—	—	—	825,085
Warrants issued for acquisition		—	—	—	136	—	—	136	—	—	—	—	—	—	136
Shares issued for earn out payments		5,318,044	16,321	—	—	—	—	—	—	—	—	—	—	—	16,321
Shares issued for equity financings	15(b)(ii)	25,000,000	75,000	—	—	—	—	—	—	—	—	—	—	—	75,000
Share issue costs		—	(6,646)	—	2,285	—	—	2,285	—	—	—	—	—	—	(4,361)
Conversion of notes		42,473,435	177,127	—	—	(37,061)	—	(37,061)	—	—	—	—	—	—	140,066
Equity component of convertible notes		—	—	—	—	76,201	—	76,201	—	—	—	—	—	—	76,201
Deferred tax on convertible notes		—	2,540	—	—	(7,082)	—	(7,082)	—	—	—	—	—	—	(4,542)
Exercise of stock options	16(a)	4,809,443	12,006	(6,175)	—	—	—	(6,175)	—	—	—	—	—	2,027	7,858
Exercise of warrants	15(c)	43,200,881	136,293	—	(3,680)	—	—	(3,680)	—	—	—	—	—	1,669	134,282
Exercise of compensation options	15(d)	1,865,249	6,051	—	(1,854)	—	—	(1,854)	—	—	—	—	—	—	4,197
Exercise of RSUs	16(b)	127,128	1,209	(351)	—	—	—	(351)	—	—	—	—	—	—	858
Forfeited options	16(a)	—	—	(531)	—	—	—	(531)	—	—	—	—	531	—	—
Share-based compensation	16(a)(b)	—	—	37,801	—	—	—	37,801	—	—	—	—	—	—	37,801
Non-controlling interest from acquisitions		—	—	—	—	—	—	—	—	—	—	—	—	38,577	38,577
Change in ownership interests in subsidiaries		—	—	—	—	—	(85,719)	(85,719)	—	—	—	—	—	(35,002)	(120,721)
Unrealized gain on Cann Group marketable securities		—	—	—	—	—	—	—	43,442	—	—	43,442	—	—	43,442
Cann Group marketable securities transferred to investment in associates	4(a)	—	—	—	—	—	—	—	(50,463)	—	—	(50,463)	50,463	—	—
Deferred tax for marketable securities transferred to investment in associates		—	—	—	—	—	—	—	—	830	—	830	(6,755)	—	(5,925)
Unrealized gain on CanniMed marketable securities	5(a)	—	—	—	—	—	—	—	10,423	—	—	10,423	—	—	10,423
CanniMed marketable securities derecognized upon acquisition of control	10(b)(iv)	—	—	—	—	—	—	—	(10,423)	—	—	(10,423)	10,423	—	—
Comprehensive income (loss) for the period		—	—	—	—	—	—	—	405	—	86	491	61,513	(2,709)	59,295
Balance, June 30, 2018		568,113,131	1,466,433	38,335	307	41,792	(85,719)	(5,285)	(539)	(55)	61	(533)	87,749	4,562	1,552,926

The accompanying notes are an integral part of these Consolidated Financial Statements.

AURORA CANNABIS INC.

Consolidated Statements of Cash Flows

Years ended June 30, 2019 and 2018
(Amounts reflected in thousands of Canadian dollars)

	Notes	2019	2018
		$	$
Operating activities			
Net (loss) income for the year		(297,924)	69,227
Adjustments for non-cash items:			
Unrealized gain on changes in fair value of biological assets	7	(96,531)	(25,550)
Changes in fair value included in inventory sold		72,129	17,624
Depreciation of property, plant and equipment	9	45,366	8,004
Amortization of intangible assets	12	42,893	4,256
Share-based compensation	16(a)(b)	107,039	37,450
Non-cash acquisition costs		4,243	—
Impairment of investment in associate	6	73,289	—
Impairment of intangible assets and goodwill	12	9,002	—
Accrued interest and accretion expense	13, 14	22,798	9,735
Interest and other income		(63)	(78)
Deferred tax expense (recovery)		(23,257)	6,441
Other income, net	18	(109,464)	(183,384)
Foreign exchange loss		(3,813)	—
Changes in non-cash working capital	19	(37,952)	(25,392)
Net cash used in operating activities		(192,245)	(81,667)
Investing activities			
Marketable securities, derivatives and convertible debenture investments	5	(50,584)	(63,437)
Proceeds from disposal of marketable securities	5	46,975	—
Purchase of property, plant and equipment	9	(414,298)	(136,945)
Disposal of property, plant and equipment		—	—
Acquisition of businesses, net of cash acquired	10	114,213	(107,232)
Acquisition of assets, net of cash acquired	10(c)	—	(587)
Acquisition of non-controlling interest		—	(10,158)
Payment of contingent consideration		(4,112)	—
Loans assumed on acquisition		—	(308)
Dividends received	4(d)	828	—
Deposits		(5,453)	—
Investments in associates	6	134	(218,183)
Net cash used in investing activities		(312,297)	(536,850)
Financing activities			
Proceeds from long-term loans		605,104	345,000
Repayment of long-term loans		(21,126)	—
Repayment of short-term loans		(238)	(184)
Restricted cash		(32,668)	(13,398)
Financing fees		(18,709)	(11,873)
Shares issued for cash, net of share issue costs		59,331	215,606
Capital contribution from non-controlling interest		5,854	—
Net cash provided by financing activities		597,548	535,151
Effect of foreign exchange on cash and cash equivalents		2,936	355
Increase (decrease) in cash and cash equivalents		95,942	(83,011)
Cash and cash equivalents, beginning of year		76,785	159,796
Cash and cash equivalents, end of year		172,727	76,785

Supplemental cash flow information (Note 19)

The accompanying notes are an integral part of these Consolidated Financial Statements.

Note 1 Nature of Operations

Aurora Cannabis Inc. (the "Company" or "Aurora") was incorporated under the *Business Corporations Act of British Columbia* on December 21, 2006. The Company's shares are listed on the New York Stock Exchange ("NYSE") and the Toronto Stock Exchange ("TSX") under the trading symbol "ACB", and on the Frankfurt Stock Exchange ("FSE") under the trading symbol "21P".

The Company's head office and principal address is Suite 500 – 10355 Jasper Avenue, Edmonton, Alberta, Canada, T5J 1Y6. The Company's registered and records office address is Suite 1500 - 1055 West Georgia Street, Vancouver, BC V6E 4N7.

The Company's principal business is the production, distribution and sale of cannabis products in Canada and internationally. Aurora conducts the following key business activities in the countries listed below:

- Production, distribution and sale of medical and consumer cannabis products in Canada pursuant to the *Cannabis Act;*
- Distribution of wholesale medical cannabis in the European Union ("EU") pursuant to the *German Medicinal Products Act and German Narcotic Drugs Act;*
- Production of medical cannabis in Denmark pursuant to the *Danish Medicines Act;* and
- Production and distribution of cannabis in Uruguay pursuant to Law N° 19,172 *Cannabis and its derivatives: state control and regulation of the importation, production, acquisition, storage, marketing and distribution*.

Through recent acquisitions (Note 10), the Company has expanded its business to include research and development and the production and sale of hemp related products.

Aurora does not engage in any federally illegal U.S. cannabis-related activities and will only conduct business activities related to growing or processing cannabis in jurisdictions where it is federally permissible to do so. Entities in which the Company holds securities may operate in the United States cannabis industry, however, our investment in such entities has been structured such that we hold nonparticipating, non-voting securities that are only exercisable or exchangeable upon cannabis becoming legal or permissible in the United States under federal law. While the Company previously held an interest in a U.S. based company, Australis Holdings LLP ("Australis Holdings" or "AHL"), AHL did not engage in any cannabis-related activities for the periods presented, prior to being spun out to Aurora shareholders as part of the Australis Capital Inc. spin-out transaction completed on September 19, 2018(Note 4(k)).

Note 2 Significant Accounting Policies and Judgments

IFRS requires management to make judgments, estimates, and assumptions that affect the carrying values of certain assets and liabilities and the reported amounts of income and expenses during the period. Actual results may differ from these judgments, estimates, and assumptions.

Significant accounting policies, which affect the consolidated financial statements as a whole, as well as key accounting estimates and areas of significant judgment are highlighted in this section. This note also describes new accounting standards, which have been adopted during 2019, and new accounting pronouncements, which are not yet effective but are expected to impact the Company's consolidated financial statements in the future. Accounting policies, estimates, or judgments that have a significant effect on the amounts recognized in the financial statements include investment in associates and joint ventures (Note 6), biological assets (Note 7), inventory (Note 8), estimated useful lives of property, plant and equipment and intangible assets (Note 9 and 12), business combinations and asset acquisitions (Note 10), goodwill and intangible asset impairment (Note 12), convertible debentures (Note 13), share-based compensation (Note 16), deferred tax assets (Note 20), segmented information (Note 24) and the fair value of financial instruments (Note 25).

(a) Basis of Presentation and Measurement

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Unless otherwise noted, all amounts are presented in Canadian dollars and thousands of Canadian dollars, except share and per share data.

For comparative purposes, the Company has reclassified certain immaterial items on the comparative consolidated statement of financial position and the consolidated statement of comprehensive (loss) income to conform with current period's presentation.

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on September 10, 2019.

(b) Basis of Consolidation

The consolidated financial statements include the financial results of the Company and its subsidiaries. Subsidiaries include entities which are wholly-owned as well as entities over which Aurora has the authority or ability to exert power over the investee's financial and/or operating decisions (i.e. control), which in turn may affect the Company's exposure or rights to the variable returns from the investee. The consolidated financial statements include the operating results of acquired or disposed entities from the date control is obtained or the date control is lost, respectively. All intercompany balances and transactions are eliminated upon consolidation.

The Company's principal wholly owned subsidiaries are as follows:

Major subsidiaries	Percentage Ownership	Functional Currency
1769474 Alberta Ltd. ("1769474")	100%	Canadian Dollar
2105657 Alberta Inc. ("2105657")	100%	Canadian Dollar
Aurora Cannabis Enterprises Inc. ("ACE")	100%	Canadian Dollar
Aurora Deutschland GmbH ("Aurora Deutschland")	100%	European Euro
Aurora Nordic Cannabis A/S ("Aurora Nordic")	51%	Danish Krone
CanniMed Therapeutics Inc. ("CanniMed")	100%	Canadian Dollar
H2 Biopharma Inc. ("H2" or "Aurora Eau")	100%	Canadian Dollar
ICC Labs Inc. ("ICC")	100%	U.S. Dollar
MedReleaf Corp. ("MedReleaf")	100%	Canadian Dollar
Peloton Pharmaceuticals Inc. ("Peloton" or "Aurora Vie")	100%	Canadian Dollar

All shareholdings are of ordinary shares or other equity. Other subsidiaries, while included in the consolidated financial statements, are not material and have not been reflected in the table above.

(c) Foreign Currency Translation

The Company's functional currency is the Canadian dollar. Transactions undertaken in foreign currencies are translated into Canadian dollars at daily exchange rates prevailing when the transactions occur. Monetary assets and liabilities denominated in foreign currencies are translated at period-end exchange rates and non-monetary items are translated at historical exchange rates. Realized and unrealized exchange gains and losses are recognized in the consolidated statements of comprehensive (loss) income.

The assets and liabilities of foreign operations are translated into Canadian dollars using the period-end exchange rates. Income, expenses, and cash flows of foreign operations are translated into Canadian dollars using average exchange rates. Exchange differences resulting from the translation of foreign operations into Canadian dollars are recognized in other comprehensive (loss) income and accumulated in equity.

(d) Cash and Cash Equivalents

Cash and cash equivalents are financial assets that are measured at amortized cost, which approximate fair value. Cash and cash equivalents, cash deposits in financial institutions and other deposits that are highly liquid and readily convertible into cash.

(e) Government Grants

The Company is entitled to certain Canadian federal and provincial tax incentives for qualified expenditures. These investment tax credits ("ITCs") are recorded as a reduction to the related expenditures in the fiscal period when there is reasonable assurance that such credits will be realized.

Investment tax credits, whether or not recognized in the financial statements, may be carried forward to reduce future Canadian federal and provincial income taxes payable. The Company applies judgment when determining whether the reasonable assurance threshold has been met to recognize ITCs in the financial statements. The Company must interpret eligibility requirements in accordance with Canadian income tax laws and must assess whether future taxable income will be available against which the ITCs can be utilized. Any changes in these interpretations and assessments could have an impact on the amount and timing of ITCs recognized in the financial statements.

(f) Provisions

The Company recognizes provisions if there is a present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and the obligation can be reliably estimated. The amount recognized as a provision reflects management's best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

(g) Adoption of New Accounting Pronouncements

(i) IFRS 15 Revenue from Contracts with Customers

The IASB replaced IAS 18 *Revenue* in its entirety with IFRS 15 *Revenue from Contracts with Customers*. The standard uses a five-step model for revenue recognition that applies to contracts with customers and two approaches to recognizing revenue, at a point in time or over time, the assessment of which requires judgment. The Company adopted IFRS 15 using the modified retrospective approach, where the cumulative impact of adoption was required to be recognized in retained earnings as of July 1, 2018 and comparatives were not required to be restated. The adoption of this new standard had no impact on the amounts recognized in the Company's consolidated financial statements.

(ii) IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* replaced IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The Company adopted IFRS 9 using the retrospective approach where the cumulative impact of adoption was recognized in retained earnings as at July 1, 2018 and comparatives were not restated.

The adoption of IFRS 9 did not have an impact on the Company's classification and measurement of financial assets and liabilities except for equity instruments which are classified as marketable securities on the consolidated statement of financial position. The Company designates its marketable securities as financial assets at FVTOCI, where they are initially recorded at fair value. This designation is made on an instrument-by-instrument basis and if elected, subsequent changes in fair value are recognized in other comprehensive income only and are not transferred into profit or loss upon disposition.

Classification of Financial Instruments

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income ("FVTOCI"), or (iii) at fair value through profit or loss ("FVTPL").

- Financial assets that are held for the purpose of collecting contractual cash flows that are SPPI are classified as amortized cost. Amortized cost financial assets are initially recognized at their fair value and are subsequently measured at amortized cost using the effective interest rate method. Transaction costs of financial instruments classified as amortized cost are capitalized and amortized into profit or loss on the same basis as the financial instrument.

- Financial assets that are held for both the purpose of collecting contractual cash flows and selling financial assets that have contractual cash flows that are SPPI are classified as FVTOCI. FVTOCI financial instruments are recognized at fair value at initial recognition and at each reporting date, with gains and losses accumulating in other comprehensive (loss) income until the asset is derecognized, at which point the cumulative gains or losses are reclassified to profit or loss. IFRS 9 provides an election to designate equity instruments at FVTOCI that would otherwise be classified as FVTPL. Equity instruments designated at FVTOCI must be made on an instrument-by-instrument basis and if elected, subsequent changes in fair value are recognized in other comprehensive income only and are not transferred into profit or loss upon disposition.

- Financial assets that are not measured at amortized cost or at FVTOCI are measured at FVTPL. FVTPL financial assets are recognized at fair value at initial recognition and at each reporting date, with gains and losses recognized in profit or loss on the statement of comprehensive (loss) income. Transaction costs of financial assets classified as FVTPL are recognized in profit or loss as they are incurred.

Consistent with IAS 39, financial liabilities under IFRS 9 are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost, except for financial liabilities, such as derivatives, that are always measured at FVTPL.

The following table summarizes the classification of the Company's financial instruments under IAS 39 and IFRS 9:

	IAS 39 Classification	IFRS 9 Classification
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Short-term investments	Loans and receivables	Amortized cost
Accounts receivable excluding taxes receivable	Loans and receivables	Amortized cost
Marketable securities	Available-for-sale	FVTOCI
Derivatives	FVTPL	FVTPL
Financial liabilities		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Loans and borrowings	Amortized cost	Amortized cost
Convertible debentures	Amortized cost	Amortized cost
Contingent consideration payable	FVTPL	FVTPL
Derivative liability	FVTPL	FVTPL

IFRS 9 uses an expected credit loss ("ECL") impairment model as opposed to an incurred credit loss model under IAS 39. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date (Note 3). The adoption of the new ECL impairment model had a negligible impact on the carrying amounts of financial assets recognized at amortized cost.

(h) New Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

(i) IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 *Leases*, which will replace IAS 17 *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term greater than twelve months, unless the underlying asset's value is insignificant. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessors will continue to classify leases as operating or finance, with lessor accounting remaining substantially unchanged from the preceding guidance under IAS 17, Leases.

Management is currently executing its implementation plan and has completed the initial scoping phase to identify material lease contracts. However, the analysis of such contracts to quantify the transitional impact is still in progress. The most significant impact of IFRS 16 will be our initial recognition of the present value of unavoidable future lease payments as right-of-use assets under property, plant and equipment and the concurrent recognition of a lease liability on the consolidated statement of financial position. Majority of our property leases, which are currently treated as operating leases, are expected to be impacted by the new standard which will result in lower rent expense, higher depreciation expense and higher finance costs related to accretion and interest expense of the lease liability. IFRS 16 will also impact the presentation of the consolidated statement of cash flows by decreasing operating cash flows and increasing financing cash flows.

The standard will be effective for the Company for the fiscal year commencing July 1, 2019. The Company will be adopting the standard retrospectively by recognizing the cumulative impact of initial adoption in opening retained earnings (i.e. the difference between the right-of-use asset and the lease liability). The Company will measure the right-of-use asset at an amount equal to the lease liability on July 1, 2019, apply a single discount rate to leases with similar remaining lease terms for similar classes of underlying assets and will not separate non-lease components from lease components for certain classes of underlying assets. Consistent with the guidance, the Company will not apply this standard to short-term leases and leases for which the underlying asset is of low value.

(ii) Definition of a Business

In October 2018, the IASB issued "*Definition of a Business (Amendments to IFRS 3)*". The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment provides an assessment framework to determine when a series of integrated activities is not a business. The amendments are effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

(iii) Uncertainty Over Income Tax Treatments ("*IFRIC 23*")

IFRIC 23 provides guidance that adds to the requirements in IAS 12, Income Taxes by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 requires an entity to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 and is to be applied retrospectively, or on a cumulative retrospective basis. The Company does not expect the application of IFRIC 23 will have a material impact on the Company's consolidated financial statements.

Note 3 Accounts Receivable

Accounting Policy

Accounts receivable are recognized initially at fair value and subsequently measured at amortized cost, less any provisions for impairment. Financial assets measured at amortized cost are assessed for impairment at the end of each reporting period. Impairment provisions are estimated using the expected credit loss impairment model where any expected future credit losses are provided for, irrespective of whether a loss event has occurred at the reporting date.

Estimates of expected credit losses take into account the Company's collection history, deterioration of collection rates during the average credit period, as well as observable changes in and forecasts of future economic conditions that affect default risk. Where applicable, the carrying amount of a trade receivable is reduced for any expected credit losses through the use of an allowance for doubtful accounts ("AFDA") provision. Changes in the AFDA provision are recognized in the statement of comprehensive (loss) income. When the Company determines that no recovery of the amount owing is possible, the amount is deemed irrecoverable and the financial asset is written off.

	June 30, 2019	June 30, 2018
	$	$
Trade receivables	85,232	8,634
Dividends receivable	—	828
Sales taxes receivable	18,261	5,634
	103,493	15,096

Note 4 Strategic Investments

(a) Cann Group Limited ("Cann Group")

Cann Group is a public company listed on the Australian Stock Exchange. Cann Group is the first company in Australia to be licensed for research and cultivation of medical cannabis for human use.

On December 11, 2017, the Company acquired an additional 7,200,000 common shares of Cann Group at A$2.50 per share for a cost of $17.6 million (A$18.0 million), increasing the Company's total Cann Group shareholdings to 28,762,314 common shares, representing a 22% ownership interest. The Company obtained significant influence over Cann Group and as a result, the $56.4 million fair value of the previously held 21,562,314 Cann Group shares at December 11, 2017 were reclassified from marketable securities (Note 5) to investment in associates (Note 6). The cumulative unrealized gains of $50.5 million on the marketable securities at December 11, 2017 was reclassified from other comprehensive income to deficit. On January 4, 2018, the Company also acquired an additional 3,194,033 shares at a cost of $8.0 million (A$8.0 million) included in investments in associates (Note 6).

As of June 30, 2019, the Company held an aggregate of 31,956,347 shares in Cann Group (June 30, 2018 – 31,956,347), representing a 23% ownership interest (June 30, 2018 – 23%). During the year ended June 30, 2019, management finalized its estimate of the value of the Company's share of the fair value of identifiable net assets acquired. There were no significant changes during the period to the initial carrying amount recognized for the value of the investment.

Based on Cann Group's closing stock price of A$1.96 on June 30, 2019, the 31,956,347 shares classified under investment in associates have a fair value of approximately $57.0 million (A$62.0 million). During the year ended June 30, 2019, the Company assessed the carrying value of the investment against the estimated recoverable amount, and as a result, recognized an impairment charge of $18.2 million which has been recognized through the statement of comprehensive (loss) income (Note 6).

(b) Micron Waste Technologies Inc. ("Micron")

Micron is a public company listed on the Canadian Securities Exchange ("CSE"). Micron is a leading organic waste technology company based in Canada. Micron has developed and commercialized an on-site treatment system that can turn organic waste into clean water. MWM also produces solutions to handle organic waste created by marijuana cultivators.

On January 10, 2018, the Company subscribed to 4,411,765 units of Micron at $0.34 per unit for a total cost of $1.5 million. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.50 per share expiring January 12, 2020. The fair value of the investment differed from the transaction price at initial recognition. At inception, the fair value of the shares of $3.1 million was based on a quoted market price of $0.71 per share, and the warrants had a fair value of $1.8 million which was estimated using the Binomial model and historical volatility, which is a Level 3 input. As such, the $2.2 million unrealized gain at inception for the shares was recognized immediately through profit or loss, and the $1.2 million unrealized gain at inception for the warrants was deferred over the term of the warrants.

At June 30, 2019, the common shares had a fair value of $1.1 million (June 30, 2018 - $2.4 million) resulting in an unrealized loss of $1.3 million for the year ended June 30, 2019 (year ended June 30, 2018 - $1.5 million unrealized gain).

At June 30, 2019, the warrants had a fair value of $0.1 million (June 30, 2018 - $1.0 million), resulting in an unrealized loss of $0.9 million for the year ended June 30, 2019 (year ended June 30, 2018 - $0.5 million unrealized gain). The fair value of the warrants was estimated using the Binomial model with the following assumptions: risk-free interest rate of 1.52% (June 30, 2018 - 2.16%); dividend yield of 0% (June 30, 2018 - 0%); historical stock price volatility of 89.02% (June 30, 2018 - 81.18%); and an expected life of 0.54 years (June 30, 2018 - 1.54 years). If the estimated volatility increases or decreases by 10%, the estimated fair value would increase or decrease by a nominal amount.

(c) Radient Technologies Inc. ("Radient")

Radient is a public company listed on the TSX. Radient provides industrial-scale manufacturing solutions for premium natural ingredients and products.

On February 13, 2017, the Company purchased a $2.0 million unsecured, 10% convertible debenture of Radient, convertible into units at $0.14 per unit. Each unit consisted of one common share and one warrant exercisable at a price of $0.33 per share expiring February 13, 2019. On July 28, 2017, the Company converted the outstanding principal and interest and received 14,467,421 units of Radient. Upon conversion, the Company recognized an unrealized gain of $0.8 million on the debentures and fully amortized the then outstanding deferred inception gain of $6.1 million. The $11.9 million fair value of the debenture on conversion was estimated by measuring the fair value of the shares at a quoted market price of $0.53 and the warrants using the Binomial model with the following assumptions: risk-free interest rate of 1.57%; dividend yield of 0%; stock price volatility of 91.53%; and an expected life of 1.57 years.

On December 11, 2017, by way of private placement, the Company purchased 4,541,889 units of Radient at $1.37 per unit for a total cost of $6.2 million. Each unit consisted of one common share and one common share purchase warrant exercisable at $1.71 per share expiring December 11, 2019.

On December 11, 2017, the Company exercised an aggregate of 15,856,321 warrants of Radient for a total cost of $5.8 million. For the period ended June 30, 2018, the Company recorded unrealized gains on changes in fair value of these derivatives of $19.1 million and fully amortized the deferred inception gains of $4.4 million on the warrants. The aggregate fair value of the exercised warrants of $23.7 million was estimated using the Binomial model with the following weighted average assumptions: share price of $1.83; risk-free interest rate of 1.70%; dividend yield of 0%; historical stock price volatility of 96.70%; and an expected life of 1.19 years.

At June 30, 2019, the Company held an aggregate of 37,643,431 shares of Radient with a fair value of $30.9 million (June 30, 2018 - $44.0 million) resulting in an unrealized loss of $13.2 million for the year ended June 30, 2019 (year ended June 30, 2018 - $1.4 million unrealized gain).

At June 30, 2019, the Company held an aggregate of 4,541,889 warrants of Radient with a fair value of $0.1 million (June 30, 2018 - $1.4 million) resulting in an unrealized loss of $1.3 million for the year ended June 30, 2019 (year ended June 30, 2018 - $17.4 million unrealized gain). The fair value of the warrants was estimated using the Binomial model with the following assumptions: risk-free interest rate of 1.52% (June 30, 2018 - 2.14%); dividend yield of 0% (June 30, 2018 - 0%); historical stock price volatility of 75.10% (June 30, 2018 - 80.37%); and an expected life of 0.45 years (June 30, 2018 - 1.45 years). If the estimated volatility increases or decreases by 10%, the estimated fair value would increase or decrease by a nominal amount.

(d) Alcanna Inc., formerly Liquor Stores N.A. Ltd. ("Alcanna")

Alcanna is an Alberta based public company listed on the TSX and its principal business activity is the retailing of wines, beers and spirits in Canada and the United States of America. Alcanna also has developed and launched a retail cannabis business in Alberta and has advanced plans to develop and launch a retail cannabis business in other Canadian jurisdictions where private retailing is permitted.

On February 14, 2018, the Company subscribed to Alcanna's non-brokered private placement for 6,900,000 common shares at $15.00 per share for a total cost of $103.5 million, representing a 19.9% interest in Alcanna. The Company also subscribed to 2,300,000 subscription receipts of Alcanna at $15.00 per subscription receipt for a total cost of $34.5 million which was converted to common shares on May 9, 2018, increasing the Company's ownership to approximately 25% on an undiluted basis. As part of the consideration transferred, the Company also received 11,880,000 share purchase warrants of Alcanna, which are made up of 10,130,000 warrants that expire on August 14, 2019 and 1,750,000 warrants that expire on January 31, 2022.

As a result of this investment, the Company obtained significant influence over Alcanna and uses the equity method of accounting to recognize its investment interest (Note 6). The total transaction price of $138.0 million was allocated first to the common shares and subscription receipts based on Alcanna's closing market price of $11.95 as of February 14, 2018, resulting in total cost of $109.9 million allocated to the investment in associate and $28.1 million being the implied fair value of the warrants. The warrants are recognized as derivatives and are measured at fair value through profit or loss (Note 5(b)).

(i) Common Shares and Investment in Associate

As of June 30, 2019, the Company held an aggregate of 9,200,000 shares in Alcanna (June 30, 2018 – 9,200,000) representing a 24.8% ownership interest with a fair value of $54.9 million (June 30, 2018 – $84.1 million) based on the closing stock price of $5.97 (June 30, 2018 – $9.14). During the year ended June 30, 2019, the Company assessed the carrying value of the investment against the estimated recoverable amount and as a result, recognized an impairment charge of $68.7 million. At June 30, 2019, the Company recognized an impairment reversal of $15.6 million as the recoverable amount had increased and exceeded the carrying amount. The impairment and impairment reversal have been recognized through the statement of comprehensive (loss) income (Note 6).

During the year ended June 30, 2019, management finalized its estimate of the Company's share of the fair value of identifiable net assets acquired. There were no significant changes during the period to the initial carrying amount recognized for the value of the investment in associate.

(ii) Warrants

At June 30, 2019, the Company's 11,880,000 warrants in Alcanna (June 30, 2018 - 11,880,000) had a fair value of $0.4 million (June 30, 2018 - $2.4 million) resulting in a net unrealized loss of $2.0 million for the year ended June 30, 2019 (year ended June 30, 2018 - $25.7 million) (Note 5(b)). The fair value of the warrants was estimated using the Binomial model with the following weighted average assumptions: risk-free interest rate of 1.93% (June 30, 2018 - 2.12%); dividend yield of 0% (June 30, 2018 - 0%); historical stock price volatility of 46.32% (June 30, 2018 – 30.15%); and an expected life of 0.49 years (June 30, 2018 – 1.49 years). If the estimated volatility increased or decreased by 10%, the estimated fair value would increase or decrease by approximately $0.5 million.

(e) CTT Pharmaceuticals Inc. ("CTT")

CTT is an Ontario-based public company which is listed on the OTC under the symbol "CTTH". CTT is in the business of developing dose specific, fast dissolving oral thin film wafers that provide dose specific, smoke-free delivery of medical cannabis or other active ingredients.

As at June 30, 2019, the Company held 3,731,343 common shares and 20,779,972 warrants of CTT, which if converted and exercised, would increase the Company's ownership interest to 35.9% on a fully diluted basis (Note 5(b) and 6). The background and history of our holdings is described below.

(i) Convertible Debenture

On May 20, 2018, the Company purchased a $1.3 million (US $1.0 million) unsecured 5% convertible debenture of CTT with a term of 3 years, convertible at the option of the holder into common shares at US $0.268 per share. Pursuant to the terms of the convertible debenture, the Company also received 20,779,972 share purchase warrants, which expires on May 20, 2021, of CTT allowing it to increase its pro rata interest to approximately 42.5% on a fully diluted basis (Note 5(b)). As of June 30, 2018, the Company held a 0% non-diluted ownership interest in CTT. Based on the Company's potential voting rights of up to 42.5% and other qualitative factors, the Company has determined that it holds significant influence in CTT and has accounted for its investment under the equity method. As the Company had no present voting interest in CTT as of May 20, 2018 and June 30, 2018, the compound financial instrument was measured as a financial asset at fair value through profit or loss.

On August 20, 2018, the Company fully converted the US $1.0 million debenture into 3,731,343 common shares of CTT resulting in an approximate 8% ownership interest. On conversion, the carrying value of the debenture was adjusted from its June 30, 2018 fair value of $4.6 million to $3.4 million based on the quoted share price of US $0.70. This resulted in the recognition of a $1.2 million fair value loss during the year ended June 30, 2019. The $3.4 million fair value of the investment was reclassified on conversion from derivatives (Note 5(b)) into investment in associates (Note 6).

(ii) Warrants

At June 30, 2019, the 20,779,972 share purchase warrants had a fair value that is negligible (June 30, 2018 - $15.5 million) and the Company recognized an aggregate unrealized fair value loss of $16.7 million for the year ended June 30, 2019 (Note 5(b)) (June 30, 2018 - $15.2 million unrealized gain). The fair value of the derivative was estimated using the Binomial model with the following weighted average assumptions: share price of US $0.21 (June 30, 2018 – US $0.89); risk-free interest rate of 1.81% (June 30, 2018 - 2.85%); dividend yield of 0% (June 30, 2018 - 0%); stock price volatility of 20.0% (June 30, 2018 - 20.0%); and an expected life of 1.89 years (June 30, 2018 – 2.89 years).

(iii) Common Shares

Based on CTT's closing stock price of US$0.21 on June 30, 2019, the 3,731,343 shares classified under investment in associates, represent an 7.9% ownership interest and have a fair value of $1.0 million (US$0.8 million). During the year ended June 30, 2019, the Company assessed the carrying value of the investment against the estimated recoverable amount and as a result, recognized an impairment charge of $2.1 million (Note 6).

(f) Capcium Inc. ("Capcium")

Capcium is a Montreal-based private company which is in the business of manufacturing soft-gels.

On June 6, 2018, the Company acquired a 20% ownership interest in Capcium by subscribing to 8,828,662 common shares. The consideration was paid through the issuance of 1,144,481 common shares of Aurora with a fair value of $10.8 million and $0.5 million in cash consideration. Based on the Company's voting rights and other qualitative factors, the Company determined that it holds significant influence in Capcium and has accounted for its investment under the equity method. As of June 30, 2019, the Company held 8,828,662 shares (June 30, 2018 – 8,828,662) in Capcium representing a 20% ownership interest. During the year ended June 30, 2019, management finalized its estimate of the value of the Company's share of the fair value of identifiable net assets acquired. There were no significant changes during the period to the initial carrying amount recognized for the value of the investment.

On September 7, 2018, the Company also purchased 4,883 convertible debentures for a total cost of $4.9 million. The 4,883 convertible debentures bear interest at 8% per annum and mature on September 5, 2020. The debentures are convertible at the option of Aurora upon the occurrence of a Liquidity Event into units of Capcium at the lesser of (i) the price that is 20% discount to the Liquidity Event Price; and (ii) the price determined based on a pre-money value of $80.0 million at the time of the Liquidity Event. Each unit consists of one common share and one common share purchase warrant exercisable into one common share at a price that is 50% greater than the conversion price for two years from the completion of a Liquidity Event. A Liquidity Event is the occurrence of either a public offering, a reverse take-over or a merger transaction which results in the common shares of Capcium being listed on a recognized stock exchange. On June 30, 2019, as Capcium had not completed a Liquidity Event, the Company received 488 additional convertible debentures for no additional consideration in accordance with the terms under the original agreement.

At June 30, 2019, the convertible debentures were fair valued to $7.5 million, of which $0.7 million related to the additional debentures, thus resulting in an unrealized gain of $2.6 million for the year ended June 30, 2019 (Note 5(b)). The fair value of the convertible debenture was estimated using the Monte-Carlo and FINCAD model with the following assumptions: share price of $1.13; risk-free rate of 1.83%; dividend yield of 0%; stock price volatility of 46%; an expected life of 1.44 years; adjusted for a credit spread of 26% and a probability factor of 80% for the Liquidity Event. If the estimated volatility increased or decreased by 10%, the estimated fair value would increase or decrease by approximately $0.5 million.

(g) The Green Organic Dutchman Holdings Ltd. ("TGOD")

TGOD is an Ontario based licensed producer of cannabis in Canada, publicly listed on the TSX.

On January 4, 2018, the Company invested in 33,333,334 subscription receipts of TGOD at $1.65 per subscription receipt for a cost of $55.0 million. Each subscription receipt was converted into units of TGOD consisting of one common share and one-half of one share purchase warrant, with each whole warrant exercisable at $3.00 per share expiring February 28, 2021. The common shares and warrants are subject to a lock-up period for six and twelve months, respectively. In connection with the subscription receipt investment, the Company entered into an Investor Rights Agreement with TGOD where the Company received milestone options and a participation right for future TGOD equity financings. The milestone options allow the Company to increase its pro rata interest to over 50% and to purchase the shares at a 10% discount to the listed market price upon achievement of certain milestones. The Company elected to measure the subscription receipts and milestone options together as a single compound financial instrument at fair value through profit or loss.

Pursuant to the participation right, the Company subscribed to TGOD's IPO of 6,341,250 units at a price of $3.65 per unit for a total investment of $23.1 million. Each unit consisted of one common share and one-half of one share purchase warrant of TGOD. Each whole warrant is exercisable at $7.00 per share expiring on May 20, 2020, subject to accelerated expiry if TGOD's shares trade at or above a VWAP of $9.00 for any 10 consecutive trading day period.

Upon closing of TGOD's IPO on May 2, 2018, the Company received 39,674,584 common shares and 19,837,292 share purchase warrants and milestone options. Based on potential and existing voting rights as well as other qualitative factors, the Company concluded that it had significant influence in TGOD at that time. As a result, on May 2, 2018 the aggregate $133.2 million fair value of the common shares was reclassified from derivatives as subscription receipts to investment in associates and the TGOD share purchase warrants and milestone options were recognized as derivatives at fair value through profit or loss.

Of the 19,837,292 share purchase warrants, 16,666,667 subscription receipt warrants are exercisable into an equivalent number of common shares of TGOD at $3.00 per share expiring February 28, 2021, and 3,170,625 participation right warrants are exercisable into an equivalent number of common shares of TGOD at $7.00 per share expiring May 2, 2020. The Company also held milestone options which, upon TGOD's achievement of the specified milestones, entitle the Company to increase its ownership interest in TGOD to over 50% and are exercisable at a 10% discount to the listed market price.

On September 27, 2018, due to the resignation of Aurora's Board representative from TGOD's Board of Directors and other qualitative factors, the Company no longer held significant influence in TGOD. As a result, the $131.0 million carrying value of Aurora's equity investment was derecognized from investment in associates (Note 6) and reclassified to marketable securities (Note 5(a)) at its fair value of $275.3 million, calculated based on the September 27, 2018 quoted market price of $6.94. This resulted in the recognition of a $144.4 million fair value gain during the year ended June 30, 2019.

During the year ended June 30, 2019, the Company sold an aggregate of 10,841,250 common shares of TGOD for gross proceeds of $47.4 million at an average price of $4.37 per share. As a result, the Company recognized a realized loss of $28.3 million during the year ended June 30, 2019 based on the deemed cost of $6.94 per share which represents the September 27, 2018 quoted market price. As at June 30, 2019, the Company held 28,833,334 shares (June 30, 2018 - 39,674,584) in TGOD with a fair value of $93.1 million (Note 5(a)), based on the stock price of $3.23, which resulted in an unrealized loss of $135.2 million for the year ended June 30, 2019 (Note 5(b)).

At June 30, 2018, the $95.0 million fair value of the 16,666,667 subscription receipt warrants and milestone options (Note 5(b)) was estimated using the Binomial model with the following weighted average assumptions: share price of $6.47; risk-free interest rate of 2.30%; dividend yield of 0%; stock price volatility of 60%; and an expected life of $2.52 years. During the year ended June 30, 2019, Aurora's milestone options expired unexercised which resulted in a loss of $27.6 million. At June 30, 2019, the $23.5 million fair value of the remaining 16,666,667 subscription receipt warrants (Note 5(b)) was estimated using the quoted market price of $1.41, contributing to a total fair value loss of $71.5 million for the subscription receipt warrants and expired milestone options for the year ended June 30, 2019.

At June 30, 2019, the $0.6 million (June 30, 2018 - $4.5 million) fair value of the 3,170,625 participation right warrants was estimated using the Monte-Carlo model with the following weighted average assumptions: share price of $3.23 (June 30, 2018 - $6.47); risk-free interest rate of 1.77% (June 30, 2018 - 2.21%); dividend yield of 0% (June 30, 2018 - 0%); stock price volatility of 74.56% (June 30, 2018 - 60.00%); and an expected life of 0.84 years (June 30, 2018 – 1.84 years). In connection with the valuation of the participation right warrants, the Company recognized a fair value loss of $3.8 million during the year ended June 30, 2019.

(h) Choom Holdings Inc. ("Choom")

Choom is an emerging consumer cannabis company that is developing retail networks across Canada. Choom is publicly listed on the Canadian Securities Exchange.

On June 12, 2018, the Company subscribed to 9,859,155 common shares of Choom at $0.71 per share for a total cost of $7.0 million, representing an 8% ownership interest. The $9.3 million fair value of the shares at initial recognition was based on a quoted market price of $0.94 per share which differed from the transaction price resulting in an unrealized gain of $2.3 million recognized at inception immediately through profit and loss for the year ended June 30, 2018.

On November 2, 2018, the Company subscribed to a $20.0 million unsecured convertible debenture in Choom bearing interest at 6.5% per annum and maturing on November 2, 2022. The debenture is convertible into common shares of Choom at $1.25 per share after March 3, 2019. In connection with the debenture, the Company also received an aggregate of 96,464,248 share purchase warrants in Choom. The share purchase warrants are exercisable between $1.25 and $2.75 per share beginning November 2, 2018 and expire on November 2, 2020. Per the terms of the arrangement and in accordance with the *Cannabis Retail Regulations* in Ontario, licensed producers are subject to a 9.9% ownership interest in licensed retailers. As a result, Aurora's ability to convert its convertible debentures and exercise its share purchase warrants is subject to this 9.9% ownership restriction.

As at June 30, 2019, the 9,859,155 shares in Choom have a fair value of $4.4 million (June 30, 2018 - $12.7 million) based on the $0.45 stock price (June 30, 2018 - $1.29) (Note 5(a)). During the year ended June 30, 2019, the Company recognized unrealized fair value losses of $8.3 million (June 30, 2018 - $3.5 million unrealized fair value gains) through other comprehensive (loss) income (Note 5(a)).

At June 30, 2019, the convertible debenture had a fair value of $19.3 million resulting in an unrealized loss of $0.6 million since initial recognition (Note 5(b)). The fair value of the convertible debenture was estimated using the FINCAD model based on the following assumptions: share price of $0.45; credit spread of 8.24%; dividend yield of 0%; stock price volatility of 84.48% and an expected life of 3.35 years.

At June 30, 2019, the 96,464,248 share purchase warrants with a nominal fair value resulting in an unrealized loss of $0.1 million since initial recognition (Note 5(b)). The fair value of the warrants was estimated using the binomial tree model based on the following weighted average assumptions: share price of $0.45; risk-free interest rate of 1.85%; dividend yield of 0%; stock price volatility of 84%; and an expected life of 1.35 years.

(i) Investee-B

Investee-B is a private Canadian company that cultivates, manufactures and distributes medical cannabis products in Jamaica. On July 2, 2018, the Company subscribed to a $13.4 million (US $10.0 million) convertible debenture in Investee-B. The debentures bear interest at 1.5% per annum payable in cash or common shares equal to the fair value of shares at the time of issuance. The debentures are convertible into common shares of Investee-B at US $4.9585 at Aurora's option until July 2, 2023.

The Company also entered into an Investor Rights Agreement, under which Aurora has the right to: (i) participate in any future equity offerings of Investee-B to enable Aurora to maintain its percentage ownership interest, and (ii) to nominate a director to Investee-B's Board of Directors as long as the Company owns at least a 10% interest.

As of June 30, 2019, the convertible debenture had a fair value of $14.3 million (US $11.0 million) (Note 5(b)). The Company recognized unrealized gains of $0.9 million for the year ended June 30, 2019 (Note 5(b)). The fair value was estimated using two coupled Black-Scholes models based on the following assumptions: estimated share price of $3.71; risk-free interest rate of 1.75%; dividend yield of 0%; stock price volatility of 34.00%; credit spread of 1.13% and an expected life of 4.01 years. If the estimated volatility increases or decreases

by 10%, the estimated fair value would increase or decrease by approximately $0.2 million. If the estimated share price increases or decreased by 10%, the estimated fair value would increase or decrease by approximately $0.3 million.

(j) High Tide Inc. ("High Tide")

High Tide is an Alberta based, retail focused cannabis and lifestyle accessories company. High Tide is publicly listed on the Canadian Securities Exchange.

On December 12, 2018, the Company invested $10.0 million in unsecured convertible debentures bearing an interest rate of 8.5% per annum and maturing on December 12, 2020. The debentures are convertible into common shares of High Tide at $0.75 per share at the option of the Company at any time after June 12, 2019, subject to Aurora holding no more than a 9.9% ownership interest in High Tide in accordance with the ownership restriction applicable to licensed producers under the *Cannabis Retail Regulations* in Ontario.

On June 14, 2019, the Company invested $1.0 million in unsecured convertible debentures and warrants of High Tide. The convertible debentures bear interest of 10.0% per annum, payable annually in advance in common shares of High Tide, maturing in two years from the date of issuance. The debentures are convertible into common shares of High Tide at $0.75 per share at the option of the Company at any time after December 14, 2019. Aurora received 1,333,333 warrants, each warrant entitling the Company to acquire one common share at an exercise price of $0.85 per share for a period of two years. The conversion of the convertible debentures and exercise of the warrants are subject to Aurora holding no more than a 9.9% ownership interest in High Tide in accordance with the ownership restriction applicable to licensed producers under the *Cannabis Retail Regulations* in Ontario.

At June 30, 2019, the convertible debentures had a fair value of $10.2 million, resulting in an unrealized loss of $0.8 million for the year ended June 30, 2019 (Note 5(b)). The fair value of the convertible debenture was estimated using the FINCAD model with the following assumptions: share price of $0.36; risk-free rate of 13.54%; dividend yield of 0%; stock price volatility of 70.00% and an expected life of 1.46 years.

(k) Australis Capital Inc. ("ACI")

At June 30, 2018, ACI was a wholly-owned subsidiary of Aurora and Aurora held a50% interest in Australis Holdings LLP.

On September 19, 2018, the Company distributed the shares and warrants that it owned in ACI to the Company's shareholders through a spin-out transaction. As part of the spin-out, ACI completed a two-tranche private placement on July 5, 2018 and August 3, 2018, which resulted in reductions of Aurora's ownership interest in ACI to 47% and 24%, respectively.

Following the completion of the first private placement on July 5, 2018, Aurora no longer had the ability to exercise control over ACI and ACI was deconsolidated. The Company accounted for its remaining 26,802,364 ACI shares held as an investment in associate (Note 6) and the 26,802,364 ACI warrants held as derivatives (Note 5(b)). The shares had an estimated fair value of $5.4 million on July 5, 2018 based on the private placement subscription price of $0.20 per share and the warrants had a fair value of $0.7 million estimated using the Binomial model with the following assumptions: share price of $0.20; risk-free rate of 1.90%; volatility of 50.67%; dividend yield of 0%; and an expected life of 1 year. As a result of loss of control and deconsolidation, during the year ended June 30, 2019 the Company recognized a $0.4 million gain in the statement of comprehensive (loss) income.

Following the completion of the second private placement on August 3, 2018, Aurora no longer had ACI Board representation, no interchange of managerial personnel, and had received shareholder approval for the spin-out. As such, Aurora no longer held significant influence in ACI and the $5.4 million (Note 6) fair value of the 26,802,364 ACI shares were reclassified to marketable securities (Note 5(a)).

The Company also received 1,341,391 units in ACI in exchange for funding of $0.3 million of ACI's transaction costs prior to the spin-out. Each unit consisted of one common share and one warrant exercisable at $0.25 per share for a period of one year. Upon receipt of these units, $0.23 million was allocated to the shares (Note 5(a)) and $0.04 million was allocated to the warrants (Note 5(b)).

On September 19, 2018, the Company held a total 28,143,755 shares and 28,143,755 warrants in ACI which were spun-out to shareholders and ACI became a separate, publicly traded company. At the time of the spin-out, the shares and warrants had a fair value of $82.5 million (Note 5(a)) and $69.2 million (Note 5(b)), respectively, estimated based on ACI's quoted closing market price on September 19, 2018 of $2.93 and $2.46, respectively. In accordance with IFRS, the Company was required to remeasure these interests to fair value and as a result, recognized an unrealized gain of $76.9 million in other comprehensive income on the shares (Note 5(a)), and an unrealized gain of $68.5 million in income on the warrants (Note 5(b)). As a result of the spin-out, the Company recognized a dividend of $151.7 million to retained earnings, which equated to the fair value of the ACI shares and warrants distributed to Aurora shareholders.

As part of the spin-out of ACI and pursuant to the June 14, 2018 Funding Agreement, the Company received the following restricted back-in right warrants in exchange for $0.5 million:

(a) 22,628,751 warrants exercisable at $0.20 per share expiring September 19, 2028; and
(b) The number of warrants equal to 20% of the number of common shares issued and outstanding in ACI as of the date of exercise. The warrants are exercisable at the five-day volume weighted average trading price of ACI's shares and has an expiration date of September 19, 2028.

Aurora is restricted from exercising the back-in right warrants unless all of ACI's business operations in the U.S. are legal under applicable U.S. federal and state laws and Aurora has received consent of the TSX and any other stock exchange on which Aurora may be listed, as required. As of June 30, 2019, the warrants remain un-exercisable.

As of June 30, 2019, the warrants had a fair value of $10.1 million estimated using the Binomial model with the following assumptions: share price of $0.92; risk-free interest rate of 1.81%; dividend yield of 0%; stock price volatility of 48.97%; an expected life of 9.23 years; and adjusted for a probability factor of legalization of cannabis in the U.S. under federal and certain state laws. As a result, the Company recognized a $9.6 million unrealized gain on fair value during the year ended June 30, 2019 (Note 5(b)).

(l) SubTerra LLC ("SubTerra") and 10647594 Canada Inc. ("10647594 Canada")

On March 15, 2018, pursuant to the acquisition of CanniMed (Note 10(b)(iv)), the Company acquired a 19.9% interest in SubTerra, a Michigan limited liability company, and a 19.9% interest in 10647594 Canada for an aggregate consideration of $212.

On May 18, 2018, the Company sold its 19.9% interest in SubTerra to CanniMed's former Chief Executive Officer in exchange for $ 78 cash. Additionally, in exchange for the cancellation of $4,665 (US $3,580) promissory notes and receivables from SubTerra, the Company received the following assets with an estimated fair value of $1,400:

(a) 5% of any gross revenues of SubTerra earned annually from the sale of cannabis and cannabis-based products grown and/or processed at its facility for the period commencing June 1, 2018 and ending May 31, 2028; and
(b) a payment of $150 annually for the period commencing June 1, 2018 and ending May 31, 2028.

The promissory notes and receivables from SubTerra were previously written off prior to Aurora's acquisition of CanniMed. As such, the Company recognized a recovery of $1,400 upon receipt of the above assets.

As part of the sale agreement, the Company also received a two-year option to purchase a parcel of land located in White Pine, Michigan for US $3.

On September 19, 2018, the revenue royalty, annuity payment and land purchase option were spun-out as part of the ACI spin-out transaction (Note 4(k)).

(m) EnWave Corporation ("EnWave')

EnWave is a Vancouver-based advanced technology company that has developed Radiant Energy Vacuum ("REV™") – a proprietary method for the precise dehydration of organic materials. Enwave is publicly listed on the TSX Venture Exchange.

On April 25, 2019, the Company purchased 5,302,227 common shares of Enwave, representing a 4.9% ownership interest, in exchange for 840,576 common shares of Aurora with a fair value of $10.0 million. The $10.0 million fair value of the shares at initial recognition was based on a 5-day volume weighted average trading price of Aurora's shares on the closing day. As at June 30, 2019, the 5,302,227 common shares in EnWave had a fair value of $12.6 million based on the $2.38 closing stock price and the Company recognized unrealized fair value gains of $2.6 million through other comprehensive (loss) income for the year ended June 30, 2019 (Note 5(a)).

Note 5 Marketable Securities and Derivatives

(a) Marketable securities

Accounting Policy

Marketable securities are initially measured at fair value and are subsequently measured at FVTPL or are designated at FVTOCI. The Company designates its marketable securities as financial assets measured at FVTOCI. This designation is made on an instrument-by-instrument basis and if elected, subsequent changes in fair value are recognized in other comprehensive (loss) income only and not through profit or loss upon disposition.

At June 30, 2019, the Company held the following marketable securities:

Financial asset hierarchy level	Level 1	Level 1	Level 1	Level 1	Level 1	Level 1	Level 1	Level 1	Level 3	
Marketable securities designated at FVTOCI	Cann Group Note 4(a)	CanniMed	Micron Note 4(b)	Radient Note 4(c)	TGOD Note 4(g)	ACI Note 4(k)	Choom Note 4(h)	EnWave Note 4(m)	Other immaterial investments	Total
	$	$	$	$	$	$	$	$	$	$
Balance, June 30, 2017	13,433	—	—	1,412	—	—	—	—	—	14,845
Additions	—	16,144	962	4,199	—	—	7,000	—	—	28,305
Unrealized gain recognized at inception	—	—	2,170	3,700	—	—	2,268	—	—	8,138
Unrealized gain (loss) on changes in fair value	42,934	10,423	(706)	(2,340)	—	—	3,451	—	—	53,762
Transfer to investment in associates	(56,367)	—	—	—	—	—	—	—	—	(56,367)
Acquisition of control	—	(26,567)	—	—	—	—	—	—	—	(26,567)
Conversion of debenture	—	—	—	7,571	—	—	—	—	—	7,571
Exercise of warrants	—	—	—	29,501	—	—	—	—	—	29,501
Balance, June 30, 2018	—	—	2,426	44,043	—	—	12,719	—	—	59,188
Additions (disposals)	—	—	—	—	(46,663)	228	—	10,000	1,091	(35,344)
Transfer from investment in associates	—	—	—	—	275,342	5,360	—	—	—	280,702
Unrealized gain (loss) on changes in fair value	—	—	(1,278)	(13,177)	(135,547)	76,873	(8,331)	2,619	4	(78,837)
Spin-out	—	—	—	—	—	(82,461)	—	—	—	(82,461)
Balance, June 30, 2019	—	—	1,148	30,866	93,132	—	4,388	12,619	1,095	143,248
Unrealized gain (loss) on marketable securities										
Year ended June 30, 2018										
Profit & loss unrealized gain (1)	—	10,423	2,170	3,700	—	—	2,268	—	—	18,561
OCI unrealized gain (loss)	(7,021)	—	(706)	(2,340)	—	—	3,451	—	—	(6,616)
Year ended June 30, 2019										
OCI unrealized gain (loss)	—	—	(1,278)	(13,177)	(135,547)	76,873	(8,331)	2,619	4	(78,837)

(1) In addition to the $18,561 profit & loss unrealized gain on marketable securities, the Company recognized an additional $1,522 unrealized gain at inception for TGOD's participation right common shares (Note 4(g)).

(b) Derivatives

Accounting Policy

Derivatives are initially measured at fair value and are subsequently measured at FVTPL. If the transaction price does not equal to fair value at the point of initial recognition, management measures the fair value of each component of the investment and any unrealized gains or losses at inception are either recognized in profit or loss or deferred and recognized over the term of the investment, depending on whether the valuation inputs are based on observable market data. The resulting unrealized gain or loss at inception and subsequent changes in fair value are recognized in profit or loss for the period. Transaction costs, which are directly attributable to the acquisition of the investment are expensed as incurred. Refer to Note 26 for significant judgments in determining the fair value of derivative financial instruments.

At June 30, 2019, the Company held the following derivative investments:

Financial asset hierarchy level	Level 3	Level 3	Level 3	Level 2	Level 2	Level 1	Level 2	Level 2	Level 3	Level 2	Level 2	
Derivatives and Convertible Debentures at FVTPL	Micron	Radient	Alcanna	CTT	Capcium	TGOD	ACI	Choom	Investee-B	High Tide	Namaste	Total
	Note 4(b)	Note 4(c)	Note 4(d)	Note 4(e)	Note 4(f)	Note 4(g)	Note 4(k)	Note 4(h)	Note 4(i)	Note 4(j)		
	$	$	$	$	$	$	$	$	$	$	$	$
Balance, June 30, 2017	—	11,363	—	—	—	—	—	—	—	—	—	11,363
Additions	538	2,083	28,060	1,319	—	55,000	—	—	—	—	1,333	88,333
Unrealized gain at inception	1,213	1,837	—	—	—	—	—	—	—	—	—	3,050
Unrealized gain (loss) on changes in fair value	(723)	17,423	(25,660)	18,821	—	153,043	—	—	—	—	(842)	162,062
Conversion of debenture	—	(7,571)	—	—	—	—	—	—	—	—	—	(7,571)
Exercise of warrants	—	(23,723)	—	—	—	—	—	—	—	—	—	(23,723)
Transfer to investment in associates (Note 8)	—	—	—	—	—	(108,572)	—	—	—	—	—	(108,572)
Balance, June 30, 2018	1,028	1,412	2,400	20,140	—	99,471	—	—	—	—	491	124,942
Additions	—	—	—	—	4,883	—	541	20,000	13,403	11,000	—	49,827
Transfer on loss of control of subsidiary	—	—	—	—	—	—	679	—	—	—	—	679
Unrealized gain (loss) on changes in fair value	(944)	(1,347)	(1,975)	(16,694)	2,635	(75,309)	78,097	(631)	(420)	(759)	(378)	(17,725)
Transfer to investment in associates (Note 8)	—	—	—	(3,413)	—	—	—	—	—	—	—	(3,413)
Spin-out	—	—	—	—	—	—	(69,234)	—	—	—	—	(69,234)
Foreign exchange	—	—	—	—	—	—	—	—	1,333	—	—	1,333
Balance, June 30, 2019	84	65	425	33	7,518	24,162	10,083	19,369	14,316	10,241	113	86,409
Unrealized gain (loss) on derivatives												
Year ended June 30, 2018												
Inception gains amortized	151	11,174	—	—	—	—	—	—	—	—	—	11,325
Unrealized gain (loss) on changes in fair value	(723)	17,423	(25,660)	18,821	—	153,043	—	—	—	—	(842)	162,062
	(572)	28,597	(25,660)	18,821	—	153,043	—	—	—	—	(842)	173,387
Year ended June 30, 2019												
Inception gains amortized	607	919	—	—	—	—	—	—	—	—	—	1,526
Unrealized gain (loss) on changes in fair value	(944)	(1,347)	(1,975)	(16,694)	2,635	(75,309)	78,097	(631)	(420)	(759)	(378)	(17,725)
	(337)	(428)	(1,975)	(16,694)	2,635	(75,309)	78,097	(631)	(420)	(759)	(378)	(16,199)

Note 6 Investments in Associates and Joint Ventures

Accounting Policy

Associates are companies over which Aurora has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence represents the power to participate in the financial and operating policy decisions of the investee but does not represent the right to exercise control or joint control over those policies.

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic, financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost, excluding financial assets that are not in-substance common shares and inclusive of transaction costs. When the Company holds marketable securities or derivative financial assets and subsequently obtains significant influence in that investee, the fair value of the financial instruments are reclassified to investments in associates at the deemed cost with the cumulative unrealized fair value gains or losses in other comprehensive (loss) income, if any, transferred to deficit.

The consolidated financial statements include the Company's share of the investee's income, expenses and equity movements. Where the Company transacts with its joint ventures or associates, unrealized profits or losses are eliminated to the extent of the Company's interest in the joint venture or associate.

Investments in associates and joint ventures are assessed for indicators of impairment at each period end. An impairment test is performed when there is objective evidence of impairment, such as significant adverse changes in the environment in which the equity-accounted investee operates or there is a significant or prolonged decline in the fair value of the investment below its carrying amount. An impairment loss is recorded when the recoverable amount is lower than the carrying amount. An impairment loss is reversed if the reversal is related to an event occurring after the impairment loss is recognized. Reversals of impairment losses are recognized in profit or loss and are limited to the original carrying amount under the equity method as if no impairment had been recognized for the asset in prior periods. The Company uses judgment in assessing whether impairment has occurred or a reversal is required as well as the amounts of such adjustments.

The carrying value of investments in associates and joint ventures consist of:

	Cann Group Note 4(a)	Alcanna Note 4(d)	CTT Note 4(e)	Capcium Note 4(f)	TGOD Note 4(g)	ACI Note 4(k)	Other immaterial investments	Total
	$	$	$	$	$	$	$	$
Balance, June 30, 2017	—	—	—	—	—	—	—	—
Additions	81,927	109,940	—	11,270	133,239	—	212	336,588
Transaction costs	—	1,586	—	—	—	—	—	1,586
Dividend income	—	(1,449)	—	—	—	—	—	(1,449)
Disposition	—	—	—	—	—	—	(78)	(78)
Share of net loss (i)	(781)	(500)	—	(14)	(947)	—	—	(2,242)
OCI FX loss	37	—	—	—	—	—	—	37
Balance, June 30, 2018	81,183	109,577	—	11,256	132,292	—	134	334,442
Additions	—	—	3,413	3	—	5,360	—	8,776
Dividend income	—	(828)	—	—	—	—	—	(828)
Disposition / reclassification	—	—	—	—	(130,974)	(5,360)	(134)	(136,468)
Share of net income (loss) (1)	(1,520)	(5,099)	(230)	(1,406)	(1,318)	—	—	(9,573)
Impairment	(18,158)	(68,696)	(2,078)	—	—	—	—	(88,932)
Impairment reversal	—	15,643	—	—	—	—	—	15,643
OCI FX gain (loss)	(4,488)	353	(80)	—	—	—	—	(4,215)
Balance, June 30, 2019	57,017	50,950	1,025	9,853	—	—	—	118,845

(1) Represents an estimate of the Company's share of net income (loss) based on the latest publicly available information of the investee.

The following is a summary of financial information for the Company's associates and joint ventures for the periods presented based on the latest publicly available information. Note that the numbers have not been pro-rated for Aurora's ownership interest.

As of June 30, 2019	Cann Group	Alcanna	Capcium	CTT	Total
	$	$	$	$	$
Date obtained significant influence	12/11/2017	2/14/2018	6/6/2018	5/20/2018	
Statement of financial position					
Cash and cash equivalents	43,752	22,115	6,701	950	73,519
Current assets	69,620	149,835	9,297	952	229,704
Non-current assets	7,208	480,070	39,245	—	526,523
Current financial liabilities, excluding trade and other payables and provisions	4	22,237	229	25	22,494
Current liabilities	1,394	54,375	2,282	458	58,508
Non-current financial liabilities	—	73,364	26,781	—	100,145
Non-current liabilities	13	73,364	36,253	—	109,630
Statement of comprehensive loss					
Revenue		136,424	3,630	9	140,063
Depreciation and amortization	—	(30,040)	—	—	(30,040)
Interest income	1,691	—	—		1,691
Interest expense	(21)	(22,872)	(8,678)	—	(31,571)
Income tax expense	—	(16,000)	—	—	(16,000)
Loss from continued operations	(9,276)	(37,180)	(8,125)	(1,161)	(55,742)
Loss from discontinued operations, net tax	—	(916)	—	—	(916)
Other comprehensive income	—	(2,532)	—	(1)	(2,533)
Total comprehensive loss	(9,276)	(40,628)	(8,125)	(1,160)	(59,190)

As of June 30, 2018	Cann Group	Alcanna	Capcium	TGOD	CTT	Other	Total
	$	$	$	$	$	$	$
Date obtained significant influence	12/11/2017	2/14/2018	6/6/2018	5/2/2018	5/20/2018		
Statement of financial position							
Cash and cash equivalents	48,243	78,595	252	261,816	1,311	6	390,223
Current assets	79,225	197,131	11,935	270,712	1,311	8	560,322
Non-current assets	5,258	252,262	6,701	48,078	—	3,029	315,328
Current financial liabilities, excluding trade and other payables and provisions	4	1,380	—	—	36	1,701	3,121
Current liabilities	887	54,263	1,293	13,992	386	1,701	72,522
Non-current financial liabilities	16	72,697	18,583	—	53	2,004	93,353
Non-current liabilities	16	131,561	18,583	—	53	2,004	152,217
Statement of comprehensive loss							
Revenue	552	223,991	104	—	—	—	224,647
Depreciation and amortization	—	(4,455)	—	(121)	—	—	(4,576)
Interest income	—	—	—	381	—	—	381
Interest expense	(7)	(1,916)	—	(32)	—	(57)	(2,012)
Income tax recovery	—	751	—	—	—	—	751
Loss from continued operations	(3,334)	(2,108)	(69)	(5,578)	(387)	(84)	(11,560)
Loss from discontinued operations, net tax	—	(242)	—	—	—	—	(242)
Other comprehensive income	—	1,402	—	—	—	—	1,402
Total comprehensive loss	(3,334)	(974)	(69)	(5,578)	(387)	(84)	(10,426)

Note 7 Biological Assets

Accounting Policy

The Company defines biological assets as cannabis plants up to the point of harvest. Biological assets are measured at fair value less costs to sell at the end of each reporting period in accordance with IAS 41 - *Agriculture* using the income approach. The income approach calculates the present value of expected future cash flows from the Company's biological assets using the following key Level 3 assumptions and inputs:

Inputs and assumptions	Description	Correlation between inputs and fair value
Average selling price per gram	Represents the average selling price per gram of dried cannabis net of excise taxes, where applicable, for the period for all strains of cannabis sold, which is expected to approximate future selling prices.	If the average selling price per gram were higher (lower), estimated fair value would increase (decrease).
Average attrition rate	Represents the weighted average number of plants culled at each stage of production.	If the average attrition rate was lower (higher), estimated fair value would increase (decrease).
Average yield per plant	Represents the average number of grams of dried cannabis inventory expected to be harvested from each cannabis plant.	If the average yield per plant was higher (lower), estimated fair value would increase (decrease).
Standard cost per gram to complete production	Based on actual production costs incurred divided by the grams produced in the period.	If the standard cost per gram to complete production was lower (higher), estimated fair value would increase (decrease).
Stage of completion in the production process	Calculated by taking the weighted average number of days in production over a total average grow cycle of approximately twelve weeks.	If the number of days in production was higher (lower), estimated fair value would increase (decrease).

Production costs are capitalized to biological assets and include all direct and indirect costs relating to biological transformation. Costs include direct costs of production, such as labor, growing materials, as well as indirect costs such as indirect labor, quality control costs, depreciation on production equipment, and overhead expenses including rent and utilities.

The following table highlights the sensitivities and impact of changes in significant assumptions on the fair value of biological assets:

	Range of inputs			Impact on fair value	
Significant inputs & assumptions	Jun 30, 2019	Jun 30, 2018	Sensitivity	Jun 30, 2019	Jun 30, 2018
Selling price per gram	$5.86	$7.25 to $8.96	Increase or decrease of $1.00 per gram	$14,868	$1,763
Average yield per plant	35 to 65 grams	20 to 51 grams	Increase or decrease by 10 grams per plant	$12,902	$1,999

The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in the gain or loss on biological assets in future periods.

The changes in the carrying value of biological assets during the period are as follows:

	Year ended June 30, 2019	Year ended June 30, 2018
	$	$
Opening balance	13,620	4,088
Production costs capitalized	40,485	9,902
Biological assets acquired through business combinations (Note 12)	8,888	2,535
Changes in fair value less cost to sell due to biological transformation	96,531	25,550
Transferred to inventory upon harvest	(107,688)	(28,455)
Ending balance	51,836	13,620

As of June 30, 2019, the weighted average fair value less cost to complete and cost to sell a gram of dried cannabis was $2.94 per gram (June 30, 2018 - $6.46 per gram).

During the year ended June 30, 2019, the Company's biological assets produced 57,442 kilograms of dried cannabis (June 30, 2018 – 5,632 kilograms). As at June 30, 2019, it is expected that the Company's biological assets will yield approximately 36,010 kilograms (June 30, 2018 – 3,795 kilograms) of cannabis when harvested. As of June 30, 2019, the weighted average stage of growth for the biological assets in was 49% (June 30, 2018 – 45%).

Note 8 Inventory

Accounting Policy

The Company defines inventory as all cannabis products after the point of harvest ("Cannabis Inventory"), hemp products, purchased finished goods for resale, consumable supplies and accessories. Cannabis Inventory includes harvested cannabis, cannabis oils and capsules.

Cannabis Inventory is transferred from biological assets at fair value less costs to sell at the point of harvest, which becomes the deemed cost. Any subsequent post-harvest costs are capitalized to Cannabis Inventory to the extent that the cost is less than net realizable value ("NRV"). NRV for work-in-process ("WIP") and finished Cannabis Inventory is determined by deducting estimated remaining conversion/completion costs and selling costs from the estimated sale price achievable in the ordinary course of business. Conversion and selling costs are determined using average cost. In the period that Cannabis Inventory is sold, the fair value portion of the deemed cost is recorded within changes in fair value of inventory sold line, and the cash cost of such Cannabis Inventory, including direct and indirect costs, are recorded within the cost of sales line on the statement of comprehensive (loss) income.

Products for resale, consumable supplies and accessories are initially recognized at cost and subsequently valued at the lower of cost and NRV. The Company reviews these types of inventory for obsolescence, redundancy and slow turnover to ensure that they are written-down and reflected at NRV.

The Company uses judgment in determining the NRV of inventory. When assessing NRV, the Company considers the impact of price fluctuation, inventory spoilage and inventory damage.

The following is a breakdown of inventory at June 30, 2019:

	Capitalized cost	Fair value adjustment	Carrying value
	$	$	$
Harvested cannabis			
Work-in-process	31,381	33,745	65,126
Finished goods	7,771	4,182	11,953
	39,152	37,927	77,079
Cannabis oils			
Work-in-process	3,919	1,653	5,572
Finished goods	5,190	1,052	6,242
	9,109	2,705	11,814
Capsules			
Work-in-process	869	108	977
Finished goods	2,366	203	2,569
	3,235	311	3,546
Hemp products			
Raw materials	4,508	—	4,508
Work-in-process	1,000	—	1,000
Finished goods	3,183	—	3,183
	8,691	—	8,691
Merchandise and other			
Raw materials	373	—	373
Work-in-process	261	—	261
Finished goods	2,204	—	2,204
	2,838	—	2,838
Accessories, supplies and consumables	9,673	—	9,673
Balance, June 30, 2019	72,698	40,943	113,641

The following is a breakdown of inventory at June 30, 2018:

	Capitalized cost	Fair value adjustment	Carrying value
	$	$	$
Harvested cannabis			
Work-in-process	2,215	6,337	8,552
Finished goods	5,637	7,742	13,379
	7,852	14,079	21,931
Cannabis oils			
Work-in-process	550	782	1,332
Finished goods	1,099	1,364	2,463
	1,649	2,146	3,795
Capsules			
Finished goods	166	90	256
Hemp products			
Raw materials	727	—	727
Work-in-process	538	—	538
Finished goods	323	—	323
	1,588	—	1,588
Other			
Raw materials	433	—	433
Work-in-process	163	—	163
	596	—	596
Accessories, supplies and consumables	1,429	—	1,429
Balance, June 30, 2018	13,280	16,315	29,595

During the year ended June 30, 2019, inventory expensed to cost of goods sold was $184.7 million (June 30, 2018 - $37.2 million), which included $72.1 million (June 30, 2018 - $17.6 million) of non-cash expense related to the changes in fair value of inventory sold.

Note 9 Property, Plant and Equipment

Accounting Policy

Property, plant and equipment is measured at cost, net of accumulated depreciation and any impairment losses.

Cost includes expenditures that are directly attributable to the asset acquisition. The cost of self-constructed assets includes the cost of materials, direct labor, other costs directly attributable to make the asset available for its intended use, as well as relevant borrowing costs on qualifying assets (see below for more information). During their construction, property, plant and equipment are classified as construction in progress ("CIP") and are not subject to depreciation. When the asset is available for use, it is transferred from CIP to the relevant category of property, plant and equipment and depreciation commences.

Where particular parts of an asset are significant, discrete and have distinct useful lives, the Company may allocate the associated costs between the various components, which are then separately depreciated over the estimated useful lives of each respective component. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Computer software and equipment 3 years
Production equipment 2 - 4 years
Furniture and fixtures 5 years
Building and improvements 20 - 30 years

Residual values, useful lives and depreciation methods are reviewed annually for relevancy and changes are accounted for prospectively.

Gains and losses on asset disposals are determined by deducting the carrying value from the sale proceeds and are recognized in profit or loss.

The Company capitalizes borrowing costs on qualifying capital construction projects. Upon the asset becoming available for use, capitalization of borrowing costs ceases and depreciation commences on a straight-line basis over the estimated useful life of the related asset.

Property, plant and equipment leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the Company. Property, plant and equipment leases are classified as operating leases whenever the lease terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Property acquired under a finance lease is depreciated over the shorter of the period of expected use or the lease term. The corresponding lease liability is included under loans and borrowings on the statement of financial position.

Impairment of property, plant and equipment

The Company assesses impairment of property, plant and equipment when an impairment indicator arises (e.g. change in use or discontinued use, obsolescence or physical damage). When the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, the asset is tested at the cash generating unit ("CGU") level. In assessing impairment, the Company compares the carrying amount of the asset or CGU to the recoverable amount, which is determined as the higher of the asset or CGU's fair value less costs of disposal and its value-in-use. Value-in-use is assessed based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects applicable market and economic conditions, the time value of money and the risks specific to the asset. An impairment loss is recognized whenever the carrying amount of the asset or CGU exceeds its recoverable amount and is recorded in the consolidated statements of comprehensive (loss) income.

The following summarizes the carrying values of property, plant and equipment for the periods reflected:

	June 30, 2019			June 30, 2018		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Land	39,532	—	39,532	—	—	—
Buildings & improvements	420,737	(25,682)	395,055	79,085	(2,436)	76,649
Construction in progress	222,884	—	222,884	146,547	(888)	145,659
Computer software & equipment	20,850	(5,367)	15,483	4,078	(584)	3,494
Furniture & fixtures	12,058	(2,847)	9,211	3,477	(349)	3,128
Production & other equipment	99,355	(17,867)	81,488	19,222	(2,450)	16,772
Finance lease equipment	2,312	(398)	1,914	791	(141)	650
Total	817,728	(52,161)	765,567	253,200	(6,848)	246,352

The following summarizes the changes in the net book values of property, plant and equipment for the periods presented:

	June 30, 2018						June 30, 2019
	Net book value	Additions	Additions from business combinations	Depreciation	Other (1)	Foreign currency translation	Net book value
Land	—	20,865	18,637	—	—	30	39,532
Buildings & Improvements	76,649	130,165	74,373	(23,280)	137,098	50	395,055
Construction in progress	145,659	164,213	49,913	888	(137,098)	(691)	222,884
Computer software & equipment	3,494	13,757	5,204	(4,792)	(2,185)	5	15,483
Furniture & fixtures	3,128	4,819	3,806	(2,505)	—	(37)	9,211
Production & other equipment	16,772	65,698	14,511	(15,420)	—	(73)	81,488
Finance lease equipment	650	914	607	(257)	—	—	1,914
Total	246,352	400,431	167,051	(45,366)	(2,185)	(716)	765,567

(1) Includes disposals, reclassifications and other adjustments.

	June 30, 2017						June 30, 2018
	Net book value	Additions	Additions from business combinations	Depreciation	Other (1)	Foreign currency translation	Net book value
Buildings & improvements	16,128	16,896	45,404	(1,435)	(344)	—	76,649
Construction in progress	26,571	115,653	4,323	(888)	—	—	145,659
Computer software & equipment	522	3,333	588	(403)	(547)	1	3,494
Furniture & fixtures	233	2,859	615	(364)	(215)	—	3,128
Production & other equipment	1,564	12,750	5,405	(2,052)	(899)	4	16,772
Finance lease equipment	505	—	247	(102)	—	—	650
Total	45,523	151,491	56,582	(5,244)	(2,005)	5	246,352

(1) Includes disposals, reclassifications and other adjustments.

During the year ended June 30, 2019, $25.2 million (June 30, 2018 - $5.7 million) in borrowing costs were capitalized to CIP at a weighted average interest rate of 14% (year ended June 30, 2018 - 20%).

Depreciation relating to manufacturing equipment and production facilities is capitalized into biological assets and inventory, and is expensed to cost of sales upon the sale of goods. For the year ended June 30, 2019, $12.2 million of depreciation was recognized in cost of sales.

Effective January 1, 2019, the Company changed the useful life over which depreciation expense is recorded on its purpose-built production facilities from10 years to 30 years using the straight-line method. The change in estimate has been applied prospectively and resulted in a $5.7 million decrease in depreciation expense of property, plant and equipment for the year ended June 30, 2019. This change in estimate is based upon the revised estimated useful lives of such greenhouses. The effect of this change in estimate on future periods depends on the level of future capital expenditures and disposals.

Effective April 1, 2019, the Company changed the useful life over which depreciation expense is recorded on its production facilities from10 - 50 years to 20 - 30 years using the straight-line method. The change in estimate has been applied prospectively and resulted in a $0.5 million increase in depreciation expense of property, plant and equipment for the year ended June 30, 2019. This change in estimate is based upon the revised estimated useful lives of such facilities. The effect of this change in estimate on future periods depends on the level of future capital expenditures and disposals.

Note 10 Business Combinations

Accounting Policy

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the aggregate of the fair values of assets acquired, liabilities assumed, and equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date when the Company obtains control of the acquiree. The identifiable assets acquired and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Goodwill represents the difference between total consideration paid and the fair value of the net-identifiable assets acquired. Acquisition costs incurred are expensed to profit or loss.

Contingent consideration is measured at its acquisition date fair value and is included as part of the consideration transferred in a business combination, subject to the applicable terms and conditions. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 *Financial Instruments* with the corresponding gain or loss recognized in profit or loss.

Based on the facts and circumstances that existed at the acquisition date, management will perform a valuation analysis to allocate the purchase price based on the fair values of the identifiable assets acquired and liabilities assumed on the acquisition date. Management has one year from the acquisition date to confirm and finalize the facts and circumstances that support the finalized fair value analysis and related purchase price allocation. Until such time, these values are provisionally reported and are subject to change. Changes to fair values and allocations are retrospectively adjusted in subsequent periods.

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration and intangible assets. Management exercises judgment in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

(a) Business Combinations Completed During the Year Ended June 30, 2019

	MedReleaf (i)	Anandia (ii)	Agropro/Borela (iii)	ICC (iv)	Whistler (v)	Immaterial transactions (vi)	Total
	$	$	$	$	$	$	$
Total consideration							
Cash paid	—	—	8,302	—	—	2,918	11,220
Common shares issued	2,568,634	78,588	1,411	255,237	130,839	2,101	3,036,810
Share purchase warrants issued	—	19,565	—	—	—	—	19,565
Replacement share-based awards	75,373	—	—	7,664	—	—	83,037
Contingent consideration	—	—	—	—	24,395	383	24,778
Loan settlement	—	—	3,176	—	2,867	—	6,043
	2,644,007	98,153	12,889	262,901	158,101	5,402	3,181,453
Net identifiable assets acquired (liabilities assumed)							
Cash	113,713	12,127	41	5,155	438	2	131,476
Accounts receivables	11,891	783	2,099	3,005	371	88	18,237
Income taxes receivable	8,078	—	—	—	—	—	8,078
Marketable securities	—	—	—	471	—	—	471
Biological assets	7,154	—	—	135	1,599	—	8,888
Inventories	32,626	33	2,226	762	3,042	—	38,689
Prepaid expenses and deposits	6,344	310	168	—	—	—	6,822
Property, plant and equipment	119,324	4,665	2,435	12,712	27,735	180	167,051
Other assets	581	—	—	—	478	4	1,063
Intangible assets							
Customer relationships	62,800	4,700	—	—	1,900	—	69,400
Permits and licenses	89,757	11,000	—	149,745	14,500	—	265,002
Brand and trademarks	62,100	1,700	—	—	14,400	—	78,200
Patents	130	—	—	—	—	—	130
Intellectual property	70,200	12,300	—	—	—	—	82,500
Deferred tax asset	—	—	81	—	—	—	81
	584,698	47,618	7,050	171,985	64,463	274	876,088
Accounts payable and accruals	(16,919)	(518)	(1,683)	(1,963)	(1,045)	(100)	(22,228)
Income taxes payable	—	—	(7)	—	—	—	(7)
Deferred revenue	—	(65)	(6)	—	—	—	(71)
Loans and borrowings	—	(298)	—	—	(6,003)	—	(6,301)
Asset retirement obligation	(217)	—	—	—	—	—	(217)
Deferred tax liability	(59,985)	(7,055)	—	(2,617)	(8,894)	—	(78,551)
Provisions	(4,200)	—	—	—	—	—	(4,200)
	503,377	39,682	5,354	167,405	48,521	174	764,513
Purchase price allocation							
Net identifiable assets acquired	503,377	39,682	5,354	167,405	48,521	174	764,513
Goodwill (1)	2,140,630	58,471	7,535	95,496	109,580	5,228	2,416,940
	2,644,007	98,153	12,889	262,901	158,101	5,402	3,181,453
Net cash outflows							
Cash consideration paid	—	—	(8,302)	—	—	(2,918)	(11,220)
Cash acquired	113,713	12,127	41	5,155	438	2	131,476
	113,713	12,127	(8,261)	5,155	438	(2,916)	120,256
Acquisition costs expensed							
Year ended June 30, 2019	10,097	360	2,552	403	2,087	25	15,524
Net accounts receivables acquired							
Gross contractual receivables acquired	14,262	791	2,099	3,005	371	88	20,616
Expected uncollectible receivables	(2,371)	(8)	—	—	—	—	(2,379)
Net accounts receivables acquired	11,891	783	2,099	3,005	371	88	18,237

(1) Goodwill arising from acquisitions represent expected synergies, future income and growth, and other intangibles that do not qualify for separate recognition, as well as the deferred tax liability recognized for all taxable temporary differences. None of the goodwill arising on these acquisitions are expected to be deductible for tax purposes.

(i) MedReleaf

On July 25, 2018, the Company acquired MedReleaf, a Canadian company previously listed on the TSX. MedReleaf is in the business of the production and sale of cannabis. The Company acquired MedReleaf to increase its production capacity, international presence, research and development portfolio, patient count and revenue growth.

The Company acquired all of the issued and outstanding shares of MedReleaf for aggregate consideration of $2,644.0 million, which consisted of 370,120,238 common shares with a fair value of $2,568.6 million and replacement share based awards with a fair value of $75.4 million. The compensation expense related to these replacement awards includes: $53.8 million for employee stock options, $2.0 million for performance options, and $19.6 million for warrants.

During the year ended June 30, 2019, management finalized the purchase price allocation of MedReleaf based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. As required by IFRS, the preliminary acquisition date values were retrospectively adjusted to reflect the changes effective as of the acquisition date, as follows:

	Provisional allocation at acquisition	Adjustments	Final
	$	$	$
Consideration payable	2,644,115	(108)	2,644,007
Loans receivable	845	(845)	—
Property, plant and equipment	134,414	(15,090)	119,324
Intangible assets	335,988	(51,001)	284,987
Loans and borrowings	(845)	845	—
Provision	—	(4,200)	(4,200)
Deferred tax liability	(75,920)	15,935	(59,985)
Goodwill	2,086,382	54,248	2,140,630

For the year ended June 30, 2019, MedReleaf accounted for $113.3 million in revenues and $25.1 million in net loss since July 25, 2018. If the acquisition had been completed on July 1, 2018, the Company estimates it would have recorded an increase of $4.5 million in revenues and an increase of $17.6 million in net loss for the year ended June 30, 2019.

(ii) Anandia Laboratories Inc. ("Anandia")

On August 8, 2018, the Company acquired Anandia, a Canadian cannabis-focused science company specialized in genomics, metabolite profiling, plant breeding, disease characterization, cultivar certification, and the provision of testing services to producers and patient-cultivators. The acquisition will enable Aurora to develop new, customized cultivars for specific applications, creating products that generate positive health outcomes in relation to specific medical indications, while further enhancing efficiencies at our facilities.

The Company acquired all of the issued and outstanding shares of Anandia for aggregate consideration of $98.2 million, which included 12,716,482 common shares with a fair value of $78.6 million and 6,358,210 share purchase warrants with a fair value of $19.6 million. The warrants are each exercisable at $9.37 and expire on August 9, 2023. As part of the acquisition, an aggregate of $10.0 million in additional share consideration is to be paid out in three tranches on the first, second and fourth anniversaries of the acquisition date, subject to the continued employment of the co-founders of Anandia. In accordance with IFRS 3, the additional consideration is accounted for as share-based compensation expense for post-combination services provided and will be expensed through income. During the year ended June 30, 2019, the Company accrued $7.4 million in share-based compensation expense relating to this additional share consideration. The share-based compensation was estimated using the Binomial model with the following assumptions: risk-free rate of 2.2%, dividend yield of 0%, historical stock price volatility of 89.9% and a VWAP of $7.13 for the 20 consecutive trading day period was used to fair value the shares. The fair value for the shares and warrants are amortized evenly over the four-year term of the consideration.

During the year ended June 30, 2019, management finalized the purchase price allocation of Anandia based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. As required by IFRS, the preliminary acquisition date values were retrospectively adjusted to reflect the changes effective as of the acquisition date, as follows:

	Provisional allocation at acquisition	Adjustments	Final
	$	$	$
Intangible assets	30,900	(1,200)	29,700
Deferred tax liability	(7,422)	367	(7,055)
Goodwill	57,595	876	58,471

For the year ended June 30, 2019, Anandia accounted for $3.0 million in revenues and $6.2 million in net loss since the August 8, 2018 acquisition date. If the acquisition had been completed on July 1, 2018, the Company estimates it would have recorded an increase of $0.2 million in revenues and an increase of $2.5 million in net loss for the year ended June 30, 2019.

(iii) UAB Agropro ("Agropro") and UAB Borela ("Borela")

On September 10, 2018, the Company acquired Agropro and Borela, both located in Lithuania. Agropro is a producer, processor and supplier of certified organic hemp and hemp products, and its sister company, Borela, is a processor and distributor of organic hulled hemp seeds, hemp seed protein, hemp flour and hemp seed oil. The Company acquired both companies to extract, refine and productize their organic hemp biomass into a wide range of organic CBD-based products.

The Company acquired all of the issued and outstanding shares of Agropro and Borela for aggregate consideration of $12.9 million which is comprised of $8.3 million in cash, $3.2 million loan settlement, and 170,834 common shares with a fair value of $1.4 million. Additionally, the Company issued 270,024 common shares for finders' fees relating to this acquisition with a fair value of $2.2 million (Note 15(b)(i)).

During the year ended June 30, 2019, management finalized the purchase price allocation of Agropro and Borela based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. The preliminary acquisition date values reported as at September 30, 2018 for deferred tax assets increased by an insignificant amount. As required by IFRS, comparative amounts have been retrospectively adjusted to reflect the changes effective as of the acquisition date.

For the year ended June 30, 2019, Agropro and Borela accounted for $5.9 million in revenues and $2.6 million in net loss since the September 10, 2018 acquisition date. If the acquisition had been completed on July 1, 2018, the Company estimates it would have recorded an increase of $1.4 million in revenues and an increase of $0.2 million in net loss for the year ended June 30, 2019.

(iv) ICC

On November 22, 2018, the Company acquired ICC, a licensed producer and distributor of medicinal cannabinoid extracts, consumer cannabis and industrial hemp products in Uruguay, as well as a licensed producer of medicinal cannabis in Colombia. ICC's science and GMP compliant processing facility will bring significant capacity to Aurora and an early mover advantage to build market share both in Latin America and the international cannabis and wellness markets.

The Company acquired all of the issued and outstanding shares of ICC for aggregate consideration of $262.9 million comprised of 31,904,668 common shares with a fair value of $255.2 million, and $7.7 million fair value of replacement share-based awards. The replacement share-based awards includes $7.6 million for 2,257,381 warrants and $0.02 million for compensation options.

During the year ended June 30, 2019, management finalized the purchase price allocation of ICC based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. As required by IFRS, the preliminary acquisition date values were retrospectively adjusted to reflect the changes effective as of the acquisition date, as follows:

	Provisional allocation at acquisition	Adjustments	Final
	$	$	$
Property, plant and equipment	18,012	(5,300)	12,712
Intangible assets	141,558	8,187	149,745
Deferred tax liability	(35,389)	32,772	(2,617)
Goodwill	131,154	(35,658)	95,496

For the year ended June 30, 2019, ICC accounted for $0.6 million in revenues and a loss of $9.3 million in net income since the November 22, 2018 acquisition date. If the acquisition had been completed on July 1, 2018, the Company estimates it would have recorded an increase of $0.7 million in revenues and an increase of $8.5 million in net loss for the year ended June 30, 2019.

(v) Whistler Medical Marijuana Corporation ("Whistler")

On March 1, 2019, the Company acquired Whistler, a Canadian private licensed producer of organic cannabis products. With the Company's experience in completing EU GMP certified facilities, Aurora intends to complete the certification of Whistler's production facilities and utilize its international distribution networks to pursue additional export opportunities.

The Company acquired all of the issued and outstanding shares of Whistler for aggregate consideration of $158.1 million comprised of:

- 13,460,833 common shares with a fair value of $130.8 million;
- $2.9 million related to the settlement of a pre-existing loan; and
- $24.4 million of contingent consideration, which represents the estimated fair value of $25.1 million gross consideration to be paid in Aurora common shares upon achievement of certain milestones related to Whistler's Pemberton facility obtaining a cannabis license and the facility being fully planted.

The Company also issued 207,100 common shares with a fair value of $2.1 million (Note 15(b)(i)) for finders' fees related to this acquisition.
Under the terms of the purchase agreement, a further $14.9 million in gross contingent consideration is to be paid out to the former shareholders of Whistler subject to the continued employment of the founder of Whistler. In accordance with IFRS 3, the additional cost of this consideration is accounted for as share-based compensation expense for post-combination services provided in the period that the applicable conditions are met. During the year ended June 30, 2019, the Company accrued $7.6 million in share-based compensation expense relating to contingent consideration. The share-based compensation was estimated using a VWAP of $9.77 for the 5 consecutive trading day period, based on the achievement of certain milestones.

Management is in the process of gathering the relevant information that existed at the acquisition date to determine the fair value of the net identifiable assets acquired and liabilities assumed. As such, the initial purchase price was provisionally allocated based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. The values assigned are, therefore, preliminary and subject to change. Management continues to refine and finalize its purchase price allocation for the fair value of identifiable intangible assets and the allocation of goodwill.

During the year ended June 30, 2019, preliminary acquisition date values compared to the preliminary values reported as at the acquisition date changed as follows:

	Provisional allocation at acquisition	Adjustments	Final
	$	$	$
Net identifiable assets acquired, excluding intangible assets	18,238	(517)	17,721
Intangible assets	31,100	(300)	30,800
Goodwill	108,763	817	109,580

As required by IFRS, comparative amounts have been adjusted retroactively to reflect the adjustments effective as of the acquisition date.

For the year ended June 30, 2019, Whistler accounted for $3.6 million in revenues and a loss of $1.5 million since the March 1, 2019 acquisition date. If the acquisition had been completed on July 1, 2018, the Company estimates it would have recorded an increase of $3.1 million in revenues and an increase of $1.0 million in net income for the year ended June 30, 2019.

(vi) Immaterial Transactions

During the year ended June 30, 2019, the Company acquired 100% ownership of two businesses complementary to our existing lines of business. Goodwill represents expected operational synergies arising from the acquired workforce and the benefits of acquiring the established businesses. None of the amount assigned to goodwill is expected to be deductible for tax purposes.

(b) Business Combinations Completed During the Year Ended June 30, 2018

	BCNL / UCI (i)	Hempco (ii)	Larssen (iii)	CanniMed (iv)	Total
	$	$	$	$	$
Total consideration					
Cash paid	3,294	946	3,500	130,979	138,719
Common shares issued	248	—	—	706,874	707,122
Share purchase warrants issued	136	—	—	—	136
Contingent consideration	1,119	—	—	—	1,119
Loan settlement	716	2,301	—	—	3,017
	5,513	3,247	3,500	837,853	850,113
Net identifiable assets acquired (liabilities assumed)					
Cash	138	908	—	38,883	39,929
Accounts receivables	394	1,388	—	986	2,768
Short-term investments	—	511	—	—	511
Biological assets	—	—	—	2,535	2,535
Inventories	874	1,875	—	10,269	13,018
Prepaid expenses and deposits	55	178	—	223	456
Investments in associates	—	—	—	212	212
Property, plant and equipment	149	2,876	—	45,316	48,341
Intangible assets					
Customer relationships	105	—	—	7,200	7,305
Permits and licenses	—	—	—	65,800	65,800
Brand and trademarks	654	—	—	70,200	70,854
Patents	521	—	—	1,700	2,221
Deferred tax asset	—	—	—	11,696	11,696
	2,890	7,736	—	255,020	265,646
Accounts payable and accruals	(818)	(968)	—	(24,334)	(26,120)
Income taxes payable	(26)	—	—	(20)	(46)
Deferred revenue	(86)	—	—	—	(86)
Loans and borrowings	—	—	—	(11,825)	(11,825)
Deferred tax liability	(335)	—	—	(44,115)	(44,450)
	1,625	6,768	—	174,726	183,119
Purchase price allocation					
Net identifiable assets acquired	1,625	6,768	—	174,726	183,119
Fair value of previously held equity interest	—	—	—	(26,567)	(26,567)
Non-controlling interest	—	(5,935)	—	(22,381)	(28,316)
Goodwill [1]	3,888	2,414	3,500	712,075	721,877
	5,513	3,247	3,500	837,853	850,113
Non-controlling interest	*—%*	*48.6%*	*—%*	*12.8%*	
Net cash outflows					
Cash consideration paid	3,294	946	3,500	130,979	138,719
Cash acquired	(138)	(908)	—	(38,883)	(39,929)
	3,156	38	3,500	92,096	98,790
Acquisition costs expensed					
Year ended June 30, 2018	65	71	30	7,235	7,401
Net accounts receivables acquired					
Gross contractual receivables acquired	504	1,420	—	986	2,910
Expected uncollectible receivables	(110)	(32)	—	—	(142)
Net accounts receivables acquired	394	1,388		986	2,768

[1] None of the goodwill arising on these acquisitions are expected to be deductible for tax purposes.

(i) BC Northern Lights Enterprises Ltd. ("BCNL") and Urban Cultivator Inc. ("UCI")

On September 29, 2017, the Company acquired BCNL and UCI to cater to the home grow cannabis market. BCNL is in the business of the production and sale of proprietary systems for the safe, efficient and high-yield indoor cultivation of cannabis. UCI is in the business of the production and sale of state-of-the-art indoor gardening appliances for the cultivation of organic microgreens, vegetables and herbs in home kitchens.

The Company acquired all of the issued and outstanding shares of BCNL and UCI for aggregate consideration of $5.5 million comprised of $3.3 million cash consideration, settlement of a $0.7 million loan receivable, 89,107 common shares with a fair value of $0.2 million, share purchase warrants with a fair value of $0.1 million exercisable at $2.8056 per share until September 29, 2020, and $1.1 million of contingent consideration representing the estimated fair value of the $4.0 million gross consideration to be paid in cash or common shares at the election of Aurora over a period of 3 years related to the achievement of certain future milestones. As of June 30, 2019, the contingent consideration was fully settled (June 30, 2018 - $1.2 million fair value) (Note 25).

During the year ended June 30, 2018, the Company finalized the purchase price allocation and adjusted the values for the contingent consideration, intangible assets, goodwill and the working capital holdback pursuant to the acquisition agreement. As required by IFRS, the preliminary acquisition date values were retrospectively adjusted to reflect the changes effective as of the acquisition date, as follows:

	Provisional allocation at acquisition	Adjustments	Final
	$	$	$
Net identifiable assets acquired	846	779	1,625
Goodwill	6,551	(2,663)	3,888

For the year ended June 30, 2018, BCNL and UCI accounted for $2.4 million in revenues and $1.4 million in net loss since September 29, 2017. If the acquisition had been completed on July 1, 2017, the Company estimates it would have recorded an increase of $1.1 million in revenues and an increase of $0.04 million in net loss for the year ended June 30, 2018.

(ii) Hempco Food and Fiber Inc. ("Hempco")

Hempco, a Canadian public company listed on the TSX Venture Exchange, is a producer of industrial hemp products and is developing hemp foods, hemp fiber and hemp nutraceuticals. The Company anticipates regulations preventing industrial hemp producers from harvesting leaves, flowers and buds, which contain Cannabidiols ("CBD"), will be revised to allow for processing of CBD which Aurora intends to use for the production of capsules, oils and topicals.

On November 14, 2017, the Company acquired a 22.3% ownership interest in Hempco by subscribing to its private placement of 10,558,676 units at $0.3075 per unit for gross proceeds of $3.2 million. Each unit consisted of one common share and one warrant exercisable at $0.41 per share for a period of two years. The gross proceeds paid were offset against the $2.3 million loan principal and accrued interest receivable from Hempco. The Company also entered into a call option agreement to acquire up to an aggregate of 10,754,942 shares from the majority owners of Hempco. On March 22, 2018 and May 7, 2018, the Company increased its ownership interest in Hempco to 35.12% and 52.3%, respectively, through the exercise of 10,558,676 share purchase warrants at $0.41 for a cost of $4.3 million, and the exercise of its call option to purchase 10,754,942 shares from the two founders at $0.40 per share for a cost $4.3 million, respectively.

After considering potential voting rights on a fully diluted basis, the Company concluded that it has control over Hempco and holds a 51.39% ownership interest in Hempco as at June 30, 2019 (June 30, 2018 – 52.33%). Non-controlling interest is recognized at the non-controlling interest's proportionate share of Hempco's fair value of identifiable net assets. In connection with the increase in ownership on March 22, 2018 and May 7, 2018, the non-controlling interest was reduced proportionately for Aurora's increase in ownership. The $1.9 million difference between the $2.4 million proportionate change in non-controlling interest and the $4.3 million fair value of consideration paid was recognized in equity attributable to Aurora. The $4.3 million fair value consideration paid for the exercise of Hempco warrants was eliminated upon consolidation.

During the year ended June 30, 2019, management finalized the purchase price allocation of Hempco based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. No changes were made to the purchase price allocation disclosed in the audited consolidated financial statements for the year ended June 30, 2018.

For the year ended June 30, 2018, Hempco accounted for $1.6 million in revenues and $7.2 million in net loss since November 14, 2017. If the acquisition had been completed on July 1, 2017, the Company estimates that it would have recorded an increase of $0.3 million in revenues and an increase of $0.3 million in net loss.

Subsequent to June 30, 2019, the Company obtained a 100% ownership interest in Hempco (Note 28).

(iii) Larssen Ltd. ("Larssen")

On December 4, 2017, the Company, through its wholly-owned subsidiary, Aurora Larssen Projects Inc., completed the acquisition of

Larssen, a Canadian company that provides consulting on the design, engineering and construction of advanced greenhouse cultivation facilities. Larssen was acquired to bring the construction expertise and know-how in-house in order to benefit Aurora's current and future production facilities as well as production facilities of the Company's strategic partners.

The Company acquired all of the issued and outstanding shares of Larssen for aggregate consideration of $3.5 million in cash. As part of the acquisition agreement, an aggregate of $4.0 million of gross cash contingent consideration is to be paid out on the first and second anniversaries of the acquisition date subject to the continued employment of the President and Owner of Larssen. The acquisition agreement also includes an aggregate $6.0 million of gross contingent consideration to be paid out upon the achievement of certain future performance milestones related to specific construction projects to be completed by Larssen. The project related contingent consideration can be settled, at the election of Aurora, in cash or common shares based on the VWAP of the Company's shares for the first five trading days of the next calendar year when a milestone is met. Both the cash and project related contingent consideration is considered to be a post-combination cost, which will be expensed through profit and loss.

During the year ended June 30, 2018, the Company finalized the purchase price allocation and adjusted the fair value of contingent consideration. As required by IFRS, the preliminary acquisition date values were retrospectively adjusted to reflect the changes effective as of the acquisition date, as follows:

	Provisional allocation at acquisition	Adjustments	Final
	$	$	$
Net identifiable assets acquired	—	—	—
Goodwill	9,724	(6,224)	3,500

For the year ended June 30, 2018, Larssen generated revenues of $4.2 million and accounted for $3.0 million in net income since December 4, 2017.

(iv) CanniMed

On March 15, 2018, the Company acquired an 87.2% ownership interest in CanniMed pursuant to an offer to acquire all of the issued and outstanding CanniMed shares, excluding the 700,600 existing shares already owned by Aurora. CanniMed is a Canadian company previously listed on the TSX and is in the business of production and distribution of medical cannabis pursuant to the ACMPR. The Company acquired CanniMed to increase its production capacity, international presence, research and development portfolio, patient count and revenue growth.

The 700,600 common shares were originally purchased for $16.1 million and upon the acquisition of control the $26.5 million fair value of the shares was reclassified from marketable securities (Note 5(a)) to the investment in CanniMed, resulting in the Company recognizing a realized gain on the cumulative changes in fair value of $10.4 million in the statement of comprehensive (loss) income.

Total consideration paid upon acquisition of control was $837.9 million comprised of $131.0 million cash and 62,833,216 common shares with a fair value of $706.9 million. Non-controlling interest has been recognized at the non-controlling interest's proportionate share of the acquiree's net assets. On March 26, 2018 and May 1, 2018, the Company increased its ownership interest in CanniMed by 8.7% and 4.1%, respectively, and obtained 100% interest in CanniMed. The Company paid $106.2 million for the additional 12.8% interest comprised of $14.3 million in cash and 9,913,630 common shares with a fair value of $91.9 million. As a result, the non-controlling interest was reduced proportionately for Aurora's increase in ownership. The $83.8 million difference between the $22.4 million non-controlling interest and the $106.2 million fair value of consideration paid was recognized in equity attributable to Aurora. As of June 30, 2019, the Company held 100% ownership interest in CanniMed.

During the year ended June 30, 2019, management finalized the purchase price allocation of CanniMed based on the Company's estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. As required by IFRS, the preliminary acquisition date values were retrospectively adjusted to reflect the changes effective as of the acquisition date, as follows:

	Provisional allocation as at June 30, 2018	Adjustments	Final adjusted balance
	$	$	$
Intangible assets	200,800	(55,900)	144,900
Deferred tax asset	11,663	33	11,696
Deferred tax liability	(58,083)	13,968	(44,115)
Non-controlling interest	(32,586)	10,205	(22,381)
Goodwill	680,381	31,694	712,075

On both a consolidated basis and stand-alone entity basis before the elimination of intercompany transactions, for the year ended June 30, 2018, CanniMed generated $6.7 million in revenues and accounted for $3.3 million in net and comprehensive loss since March 15, 2018. If the acquisition had been completed on July 1, 2017, the Company estimates that it would have recorded an increase of $11.7 million in revenues and an increase of $37.6 million in net loss.

(c) Asset Acquisitions

Completed during the year ended June 30, 2018	H2
	$
Consideration paid	
Cash paid	—
Common shares issued	15,283
Cash acquisition costs paid	636
Loan settlement	3,000
Contingent consideration	14,957
	33,876
Net identifiable assets (liabilities) acquired	
Cash	205
Accounts receivables	369
Property, plant and equipment	8,304
Intangible assets - Permits and licenses	27,165
	36,043
Accounts payable and accruals	(2,167)
	33,876

H2 Biopharma Inc. ("H2" or "Aurora Eau")

On November 30, 2017, the Company acquired 100% of the net assets of H2 for a total consideration of $33.9 million comprised of 1,910,339 common shares with a fair value of $15.3 million of which 181,622 were placed in escrow, settlement of a $3.0 million loan receivable, $15.0 million of contingent consideration payable and $0.6 million of acquisition costs. Upon closing, the Company issued and deposited 2,878,934 common shares into escrow for the $15.0 million contingent consideration which was to be paid out over a five-year period upon achievement of future performance milestones related to the construction completion of the Aurora Eau facility and obtaining the relevant licenses to cultivate and sell cannabis. During the year ended June 30, 2019, all of these milestones were achieved and the Company released 2,099,257 common shares from escrow, with a further 119,869 shares that were released subsequent to June 30, 2019 relating to receipt of a tax compliance certificate pursuant to the terms of the acquisition agreement. The number of common shares paid was determined based on the VWAP of the Company's shares for the last five trading days immediately prior to the Company confirming that the particular milestone has been achieved.

Note 11 Non-Controlling Interests

Accounting Policy

Non-controlling interests ("NCI") are recognized either at fair value or at the NCI's proportionate share of the acquiree's net assets, determined on an acquisition-by-acquisition basis. For each acquisition, the excess of total consideration, the fair value of previously held equity interests held prior to obtaining control and the NCI in the acquiree, over the fair value of the identifiable net asset acquired, is recorded as goodwill.

The following table presents the summarized financial information for Hempco and Aurora Nordic, the Company's subsidiaries which have NCI's. This information represents amounts before intercompany eliminations.

	June 30, 2019
	$
Current assets	13,680
Non-current assets	48,256
Current liabilities	(8,968)
Non-current liabilities	(62,087)
Revenues for the year ended	2,290
Net loss for the year ended	(14,526)

The net change in non-controlling interests is as follows:

	Total
	$
Balance, June 30, 2018	4,562
Contribution from NCI	5,854
Change in ownership interest	1,081
Share of loss for the period	(7,087)
Balance, June 30, 2019	4,410

As of June 30, 2019, the Company held a 51% ownership interest in each of Hempco and Aurora Nordic, with $2.1 million and $2.3 million NCI balances, respectively.

Note 12 Intangible Assets and Goodwill

Accounting Policy

Intangible assets

Intangible assets are recorded at cost less accumulated amortization and any impairment losses. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is calculated on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any, over the following terms:

Customer relationships	2 - 8 years
Health Canada licenses	Useful life of the facility
Other operating licenses	8 - 18 years
Patents	10 years
IP and Know-how	5 - 10 years
ERP Software	5 years

The estimated useful lives, residual values and amortization methods are reviewed annually and any changes in estimates are accounted for prospectively. Intangible assets with an indefinite life or not yet available for use are not subject to amortization.

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized as research and development expenses on the consolidated statement of comprehensive (loss) income as incurred. Capitalized deferred development costs are internally generated intangible assets.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU") or group of CGUs which are expected to benefit from the synergies of the combination. Goodwill is not subject to amortization.

Impairment of intangible assets and goodwill

Goodwill and intangible assets with an indefinite life or not yet available for use are tested for impairment annually, and whenever events or circumstances that make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all or a portion of a reporting unit. Finite life intangible assets are tested whenever there is an indication of impairment.

Goodwill and indefinite life intangible assets are tested annually at June 30, 2019 for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. Goodwill is allocated to CGUs or groups of CGU's for impairment testing based on the level at which it is monitored by management, and not at a level higher than an operating segment. Goodwill is allocated to those CGUs or groups of CGUs expected to benefit from the business combination from which the goodwill arose, which requires the use of judgment.

An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds it recoverable amount. The recoverable amounts of the CGUs' assets have been determined based on a fair value less costs of disposal. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGU, given the necessity of making key economic assumptions about the future. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying value of assets in the CGU. Any impairment is recorded in profit and loss in the period in which the impairment is identified. A reversal of an asset impairment loss is allocated to the assets of the CGU on a pro rata basis. In allocating a reversal of an impairment loss, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior period. Impairment losses on goodwill are not subsequently reversed.

The following is a continuity schedule of intangible assets and goodwill:

	June 30, 2019			June 30, 2018		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Definite life intangible assets:						
Customer relationships	86,278	(14,710)	71,568	11,555	(2,224)	9,331
Permits and licenses	227,916	(18,588)	209,328	97,414	(1,943)	95,471
Patents	1,895	(293)	1,602	2,221	(89)	2,132
Intellectual property and know-how	82,500	(12,386)	70,114	—	—	—
Software (1)	17,824	(1,172)	16,652	—	—	—
Indefinite life intangible assets:						
Brand	148,399	—	148,399	70,854	—	70,854
Permits and licenses	170,703	—	170,703	22,544	—	22,544
Total intangible assets	735,515	(47,149)	688,366	204,588	(4,256)	200,332
Goodwill	3,172,550	—	3,172,550	760,744	—	760,744
Total	3,908,065	(47,149)	3,860,916	965,332	(4,256)	961,076

The following summarizes the changes in the net book value of intangible assets and goodwill for the periods presented:

	June 30, 2018						June 30, 2019
	Net book value (2)	Additions from acquisitions (2)	Other additions (4)	Amortization	Impairment	Foreign currency translation	Net book value
Definite life intangible assets:							
Customer relationships	9,331	69,400	5,362	(12,486)	(39)	—	71,568
Permits and licenses	95,471	111,300	19,202	(16,645)	—	—	209,328
Patents	2,132	130	—	(204)	(456)	—	1,602
Intellectual property and know-how	—	82,500	—	(12,386)	—	—	70,114
Software (1)	—	—	17,824	(1,172)	—	—	16,652
Indefinite life intangible assets: (3)							
Brand	70,854	78,200	—	—	(655)	—	148,399
Permits and licenses	22,544	153,702	—	—	(3,962)	(1,581)	170,703
Total intangible assets	200,332	495,232	42,388	(42,893)	(5,112)	(1,581)	688,366
Goodwill	760,744	2,416,940	—	—	(3,890)	(1,244)	3,172,550
Total	961,076	2,912,172	42,388	(42,893)	(9,002)	(2,825)	3,860,916

(1) During the year ended June 30, 2019, capitalized ERP costs with a net book value of $ 2.1 million were reclassified in accordance with IAS 38 from computer software & equipment in property, plant and equipment assets (Note 9) to intangible assets.
(2) In accordance with IFRS 3 - Business Combinations, acquisition date fair values assigned to intangible assets have been adjusted, within the applicable measurement period, where new information is obtained about facts and circumstances that existed at the acquisition date (Note 10). Related amortization amounts have also been adjusted to reflect the outcomes of the finalized business combination purchase price allocations.
(3) Indefinite life permits and licenses are predominantly held by the Company's foreign subsidiaries. Given that these permits and licenses are connected to the subsidiary rather than a specific asset, there is no foreseeable limit to the period over which these assets are expected to generate future cash inflows for the Company.
(4) Included in the $42.4 million additions are $4.5 million and $5.4 million for the acquisition of an operating license and customer list, respectively purchased through the issuance of common shares (Note 15(b)(i)).

	June 30, 2017			June 30, 2018
	Net book value (1)	Additions from acquisitions (1)	Amortization	Net book value
Definite life intangible assets:				
Customer relationships	4,250	7,305	(2,224)	9,331
Permits and licenses	4,293	93,121	(1,943)	95,471
Patents	—	2,221	(89)	2,132
Intellectual property and know-how	—	—	—	—
Indefinite life intangible assets: (2)				
Brand	—	70,854	—	70,854
Permits and licenses	22,544	—	—	22,544
Total intangible assets	31,087	173,501	(4,256)	200,332
Goodwill	41,100	719,644	—	760,744
Total	72,187	893,145	(4,256)	961,076

(1) In accordance with IFRS 3 - Business Combinations, acquisition date fair values assigned to intangible assets have been adjusted, within the applicable measurement period, where new information is obtained about facts and circumstances that existed at the acquisition date (Note 10). Related amortization amounts have also been adjusted to reflect the outcomes of the finalized business combination purchase price allocations.

(2) Indefinite life permits and licenses are predominantly held by the Company's foreign subsidiaries. Given that these permits and licenses are connected to the subsidiary rather than a specific asset, there is no foreseeable limit to the period over which these assets are expected to generate future cash inflows for the Company.

Effective April 1, 2019, in connection with the Company's change in useful lives of certain of its production facilities, the Company changed the useful life over which amortization expense is recorded on its Health Canada licenses. The change in estimate has been applied prospectively and resulted in an $8.0 million decrease in amortization expense of intangible asset for the year ended June 30, 2019.

As at June 30, 2019, all of the $319.1 million indefinite life intangibles and the $3,172.6 million goodwill balance were allocated to the cannabis operating segment.

The Company assesses whether there are events or changes in circumstances that would more likely than not reduce the fair value of any of its reporting units below their carrying values and, therefore, require goodwill to be tested for impairment at the end of each period. As at March 31, 2019, the Company recognized a $3.9 million goodwill impairment charge and a $1.1 million intangible asset impairment charge related to certain assets that support the indoor home cultivation CGU. Given that revenues associated with the production and sale of such cultivation systems have not been growing at the expected pace, the carrying value of the assets which support the business is not likely to be recoverable from future related cash flows. As a result, management has recognized the impairment charges described above. As at March 31, 2019, the Company also recognized an intangible asset impairment charge of $4.0 million pertaining to certain permits and licenses held within the cannabis operating segment, due to the decline in the estimated recoverable amount of the asset from future related cash flows.

As at June 30, 2019, the Company performed its annual impairment test on the remaining indefinite life intangible assets and goodwill cannabis operating segment for impairment using the value-in-use method. The key assumptions used in the calculation of the recoverable amount relate to the future cash flows and growth projections, future weighted average cost of capital and, terminal growth rate. These key assumptions were based on historical data from internal sources as well as industry and market trends. The Company estimated the recoverable amount of goodwill and indefinite life intangible assets based on discounted cash flows (three or five-year projections and a terminal year thereafter) and incorporated assumptions an independent market participant would apply. The Company adjusted discount rates for each group of CGUs for the risks associated with achieving its forecast. Post-tax discount rates ranged between 13.5% and 28.4% and perpetual growth rates used ranged from 1.9% to 3.0%.

Given that the recoverable amount was higher than the carrying value at June 30, 2019, no additional impairment was recognized. Management has reviewed the valuation of Aurora's CGUs for reasonableness relative to the Company's current market value. The Company believes that any reasonably possible change in the key assumptions would not cause the recoverable amount to decrease below the carrying value.

Note 13 Convertible Debentures

Accounting Policy

Convertible debentures are financial instruments which are accounted for separately dependent on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value through profit and loss. The residual amount is recognized as a financial liability and subsequently measured at amortized cost. The determination of the fair value is also an area of significant judgment given that it is subject to various inputs, assumptions and estimates including: contractual future cash flows, discount rates, credit spreads and volatility.

Transaction costs are apportioned to the debt liability and equity components in proportion to the allocation of proceeds.

	Nov 2016 (i)	May 2017 (ii)	Nov 2017 (iii)	Mar 2018 (iv)	Jan 2019 (v)	Total
	$	$	$	$	$	$
Balance, June 30, 2017	3,369	60,167	—	—	—	63,536
Issued	—	—	115,000	230,000	—	345,000
Conversion option portion	—	—	(39,408)	(39,530)	—	(78,938)
Conversion of debt	(3,688)	(63,102)	(73,082)	(195)	—	(140,067)
Interest paid	(148)	(2,131)	(1,025)	(3,604)	—	(6,908)
Financing fees	—	—	(2,680)	(6,455)	—	(9,135)
Accretion	218	2,768	809	6,845	—	10,640
Accrued interest	249	2,298	1,023	3,830	—	7,400
Balance, June 30, 2018	—	—	637	190,891	—	191,528
Issued	—	—	—	—	460,610	460,610
Conversion option portion	—	—	—	—	(169,228)	(169,228)
Financing fees	—	—	—	—	(14,965)	(14,965)
Conversion of debt	—	—	(640)	(378)	—	(1,018)
Interest paid	—	—	(69)	(11,466)	—	(11,535)
Accretion	—	—	34	21,574	10,046	31,654
Accrued interest	—	—	38	11,473	10,886	22,397
Unrealized gain on foreign exchange	—	—	—	—	(5,862)	(5,862)
Balance, June 30, 2019	—	—	—	212,094	291,487	503,581
Current portion	—	—	—	(212,094)	(23,815)	(235,909)
Long-term portion	—	—	—	—	267,672	267,672

(i) Represents $25.0 million principal amount of convertible debentures that were unsecured, bore interest at 8% per annum and matured on November 1, 2018. The principal amount of the debentures was convertible by the holder into common shares of the Company at $2.00 per share subject to a forced conversion if the Volume Weighted Average Price ("VWAP") of the Company's common shares equaled or exceeded $3.00 per share for 10 consecutive trading days. The convertible debenture was fully converted during the year ended June 30, 2018.

(ii) Represents $75.0 million principal amount of convertible debentures that were unsecured, bore interest at 7% per annum and matured on May 2, 2019. The principal amount of the debentures was convertible by the holder into common shares of the Company at $3.29 per share subject to a forced conversion if the VWAP of the Company's common shares exceeded $4.94 per share for 10 consecutive trading days. The convertible debenture was fully converted during the year ended June 30, 2018.

(iii) Represents $115.0 million principal amount of convertible debentures that are unsecured, bear interest at 6% per annum and mature on November 28, 2022. The principal amount of the debentures is convertible by the holder into common shares of the Company at $6.50 per share subject to a forced conversion if the VWAP of the Company's common shares exceed $9.00 per share for 10 consecutive trading days.

During the year ended June 30, 2019, the Company issued 298,149 shares on the conversion of the remaining $1.9 million principal amount of debentures (June 30, 2018 - 17,394,146 shares on the conversion of $113.1 million principal amount).

(iv) On March 9, 2018, the Company completed a private placement of $230.0 million 2-year unsecured convertible debentures. The debentures bear interest at 5% per annum, payable semi-annually. The debentures are convertible by the holder into common shares of the Company at a price of $13.05 per share subject to a forced conversion if the VWAP of the Company's common shares exceed $17.00 per share for 10 consecutive trading days, which has not occurred as of June 30, 2019.

During the year ended June 30, 2019, the Company issued 33,179 common shares on partial conversion of $0.4 million principal amount of the debentures (June 30, 2018 - 18,542 shares on the conversion of $0.2 million principal amount).

(v) On January 24, 2019, the Company issued $460.6 million (US$345.0 million) in aggregate principal amount of Convertible Senior Notes due 2024 ("Senior Notes"), which includes a $60.1 million (US$45.0 million) over-allotment by the initial purchasers. The Senior Notes were issued at par value. The Company incurred $15.0 million in transaction fees associated with these Senior Notes. Holders may convert all or any portion of the Senior Notes at any time.

The Senior Notes are unsecured, mature on February 28, 2024 and bear cash interest semi-annually at a rate of 5.5% per annum. The initial conversion rate for the Senior Notes is 138.37 common shares per US$1,000 principal amount of Senior Notes, equivalent to an initial conversion price of approximately US$7.23 per common share.

On and after February 28, 2022 and prior to February 28, 2024, the Senior Notes are redeemable in whole or in part from time to time at the Company's option at par plus accrued and unpaid interest, provided that the VWAP of the shares on the NYSE for at least 20 trading days, during any 30 consecutive trading day period ending immediately preceding the date on which the notice of redemption is given, is not less than 130% of the conversion price then in effect, which currently equates to $9.40 per share.

On and after February 28, 2024, the Company has the option, upon not more than 60 nor less than 30 days prior notice, to satisfy its obligations to pay on redemption or maturity, the principal amount of the Senior Notes, in whole or in part, in cash or by delivering freely tradable shares. Any accrued and unpaid interest will be paid in cash. Where redemption is executed through the issuance of shares, payment will be satisfied by delivering for each $1,000 due, that number of freely tradable shares obtained by dividing $1,000 by the VWAP of the shares on the NYSE for the 20 consecutive trading days ending ten trading days prior to the date fixed for redemption or maturity.

Holders will also have the right to require Aurora to repurchase their Senior Notes upon the occurrence of certain customary events at a purchase price equal to 100% of the principal amount of the Senior Notes to be repurchased, plus accrued and unpaid interest.

The Senior Notes and any common shares of Aurora issuable upon conversion of the Senior Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any state securities laws, or qualified for distribution by prospectus in Canada, and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements, or sold in Canada absent an exemption from the prospectus requirements of Canadian securities laws.

In accordance with IFRS 9, the equity conversion option embedded in the Senior Notes was determined to be a derivative liability, which has been recognized separately at its fair value of $169.2 million. Subsequent changes in fair value of the equity conversion option will be recognized through profit and loss (i.e. FVTPL). The equity conversion option was classified as an option liability as it can be settled through the issuance of a variable number of shares, cash or a combination thereof, based on the exchange rate and or trading price at the time of settlement.

The debt host has been recognized at its amortized cost of $276.4 million, which represents the remaining fair value allocated from total net proceeds received of $445.6 million (US $334.7 million) after $169.2 million (US $126.8 million) was allocated to the equity conversion option. Management elected to capitalize transaction costs, which are directly attributable to the issuance of the Senior Notes. These transaction costs total $15.0 million and have been netted against the principal amount of the debt.

As of June 30, 2019, the conversion option had a fair value of $177.4 million and the Company recognized a $8.2 million unrealized gain on the derivative liability. The fair value of the conversion option was determined based on the Kynex valuation model with the following assumptions: share price of US$7.82 (inception - US$6.19), volatility of 60% (inception - 60%), implied credit spread of 897 bps (inception - 1,375 bps), and assumed stock borrow rate of 15% (inception - 10%). As of June 30, 2019, the Company has accrued interest of $10.9 million on these Senior Notes.

Note 14 Loans and Borrowings

Accounting Policy

Loans and borrowings are classified as other financial liabilities and are measured at fair value at initial recognition and subsequently at amortized cost. Transactions costs are deferred and amortized over the term of the liability.

Assets held under finance leases are initially recognized at the commencement of the lease as assets at the lower of the fair value of the leased property and the present value of the minimum lease payments (Note 10). The corresponding liability to the lessor is included on the statement of financial position under loans and borrowings.

The changes in the carrying value of current and non-current loans and borrowings are as follows:

	Note	June 30, 2019	June 30, 2018
		$	$
Opening balance		11,683	351
Additions		150,985	—
Deferred financing fee		(3,744)	—
Assumed on acquisition	10	6,301	11,825
Gain on debt modification		(1,886)	—
Accretion		5,760	—
Interest payments		(6,479)	—
Principal repayments		(21,376)	(493)
Ending balance		141,244	11,683

As at June 30, 2019, the Company had the following loans and borrowings:

	Note	June 30, 2019	June 30, 2018
		$	$
Term loans	14(a)	139,900	9,971
Debentures		18	1,264
Finance leases		1,326	448
Total loans and borrowings		141,244	11,683
Current portion		(13,758)	(2,451)
Long-term		127,486	9,232

(a) Term loans

The following is a breakdown of the term loans outstanding:

	June 30, 2019	June 30, 2018
	$	$
Capital loan (interest rate of Bank Prime Rate plus 1.75%) [1]	—	7,800
Capital loan, payable in blended monthly installments of $60 (5.20%, based on Bank's Prime Rate plus 1.75% per annum) [1]	—	2,171
Term loan, due August 30, 2021 (5.22%, based on Banker's acceptance rate and stamping fees)	139,900	—
Total term loans	139,900	9,971
Current portion	(13,398)	(1,111)
Long-term portion	126,502	8,860

[1] The capital term loans were acquired through the CanniMed acquisition (Note 10) and were secured by a general security agreement covering all of CanniMed's assets. During the year ended June 30, 2019, the Company repaid the full balance of these term loans.

On August 29, 2018, the Company entered into a secured credit agreement (the "Credit Agreement") with Bank of Montreal ("BMO") and certain lenders to establish a credit facility (the "Credit Facility"). Under the Credit Facility, we have access to an aggregate of $200.0 million in funds that are available as follows:

(i) a $50.0 million revolving credit facility ("Facility A") and
(ii) a $150.0 million non-revolving facility ("Facility B").

Facility A and Facility B accrue interest and standby fees at variable rates based on the Company's borrowing elections and certain financial metrics. The Credit Facility matures on August 29, 2021 and is subject to scheduled repayment terms. Under the terms of the Credit Agreement, the Company is also subject to certain customary financial and non-financial covenants and restrictions. In addition, the Credit Facility is secured by a first priority lien on substantially all of the Company's personal and real property and assets.

As at June 30, 2019, the Company has a $1.6 million letter of credit outstanding under Facility A and $146.2 million is outstanding under Facility B. In accordance with IFRS 9, the amounts outstanding under the Credit Facility were initially recorded at fair value and subsequently accounted for at amortized cost based on the effective interest rate.

Under the terms of the Credit Facility, the Company can elect, at its sole discretion, to receive advances under Facility B through certain availment options, which includes bankers' acceptances with maturity dates between 28 and 182 days. Aurora, therefore, has the choice to continuously roll over the bankers' acceptances upon their maturities or to convert the then outstanding principal and interest into prime rate loans at any time before August 29, 2021. During the period ended December 31, 2018, Aurora converted its outstanding principal amount under Facility B to bankers' acceptances, which reduced the effective interest rate from 5.9% as at September 30, 2018 to 5.37% as at December 31, 2018. During the year ended June 30, 2019, the Company continued to roll over the facility on a monthly basis through bankers' acceptances with an average interest rate of 5.22%. In accordance with IFRS 9, the loan conversion was determined to be a non-substantial modification of the loan terms. As a result, the Company recognized a $1.9 million gain in the consolidated statement of comprehensive loss for the year ended June 30, 2019, with a corresponding adjustment to the carrying value of Facility B. The gain was determined based on the difference between the original contractual cash flows and the modified expected cash flows, which was discounted at the original effective interest rate.

The latest Credit Facility amendment on June 28, 2019 requires the Company to have a minimum cash ratio of not less than1.25:1 and a total funded debt to adjusted shareholders' equity ratio not to exceed 0.25:1prior to September 30, 2020. Effective September 30, 2020, the Company must have a minimum fixed charge ratio of not less than 1.25,:1 and a total funded debt to Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") ratio not to exceed 4.00:1. As of June 30, 2019, the Company was in compliance with all covenants under the Credit Facility and term loans.

Subsequent to June 30, 2019, the Company elected to amend and upsize the Credit Facility (Note 28).

Note 15 Share Capital

(a) Authorized

The authorized share capital of the Company is comprised of the following:

(i) Unlimited number of common voting shares without par value.
Each Common Share carries the right to attend and vote at all general meetings of shareholders. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available for the payment of dividends. Upon the liquidation, dissolution or winding up of the Company these holders are entitled to receive, on a pro rata basis, the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

(ii) Unlimited number of Class "A" Shares each with a par value of $1.00.
Class A shares may be issued from time to time in one or more series, and the directors may fix from time to time, before such issue, the number of Class A shares of each series and the designation, rights and restrictions attached thereto including any voting rights, dividend rights, redemption, purchase or conversion rights, sinking fund or other provisions. The Class A shares rank in priority over Common Shares and any other shares ranking by their terms junior to the Class A shares as to dividends and return of capital upon liquidation, dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company. As at June 30, 2019, no Class "A" Shares were issued and outstanding.

(iii) Unlimited number of Class "B" Shares each with a par value of $5.00.
Class B shares may be issued from time to time in one or more series, and the directors may fix from time to time, before such issue, the number of Class B shares of each series and the designation, rights and privileges attached thereto including any voting rights, dividend rights, redemption, purchase or conversion rights, sinking fund or other provisions. The Class B shares rank in priority over Common Shares and any other shares ranking by their terms junior to the Class B shares as to dividends and return of capital upon liquidation, dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company. As at June 30, 2019, no Class "B" Shares were issued and outstanding.

(b) Issued and outstanding

At June 30, 2019, 1,017,438,744 common shares (June 30, 2018 – 568,113,131) were issued and fully paid.

(i) Shares for business combinations, asset acquisitions and strategic investments

The Company issued the following shares for business combinations, asset acquisitions and investment in associates:

	Note	Number of shares issued	Share capital
		#	$
Year ended June 30, 2019			
Acquisition of MedReleaf	10(a)(i)	370,120,238	2,568,634
Acquisition of Anandia	10(a)(ii)	12,716,482	78,588
Acquisition of Agropro and Borela	10(a)(iii)	440,858	3,641
Acquisition of ICC Labs	10(a)(iv)	31,904,668	255,237
Acquisition of Whistler	10(a)(v)	13,667,933	132,852
Acquisition of immaterial acquisitions	10(a)(vi)	268,508	2,101
Acquisition of intangible asset	12	1,366,371	9,841
Investment in EnWave	4(m)	840,576	10,000
		431,325,634	3,060,894
Year ended June 30, 2018			
Acquisition of BCNL and UCI		89,107	248
Acquisition of CanniMed		72,746,846	798,784
Acquisition of H2		4,789,273	15,283
Investment in Capcium		1,144,481	10,770
		78,769,707	825,085

(ii) Shares for equity financing

During the year ended June 30, 2018, the Company completed a private placement and issued 25,000,000 units at $3.00 per unit. Each unit consisted of one common share and one warrant exercisable at a price of $4.00 per share for a period of three years. An aggregate of 1,333,980 compensation warrants were issued to the underwriters. The compensation warrants are exercisable into one common share at an exercise price of $3.00 per share and expire on November 2, 2020. The fair value of the compensation warrants at the date of grant was estimated at $1.71 per warrant based on the following weighted average assumptions: Stock price volatility - 85.49%; Risk-free interest rate - 1.40%; Dividend yield - 0.00%; and Expected life - 3 years.

During the year ended June 30, 2018, the Company recorded share-based payments of $2.3 million for 1,333,980 compensation warrants with a fair value of $1.71 per compensation warrant issued related to the private placement financing. The 25,000,000 warrants attached to the financing units had a fair value of $1.52 per unit warrant and was determined using the Binomial Tree model with the following assumptions: risk-free interest rate of 1.88%; dividend yield of 0%; stock price volatility of 85.49%; and an expected life of 3 years.

(c) Share Purchase Warrants

Each whole warrant entitles the holder to purchase one common share of the Company. A summary of warrants outstanding is as follows:

	Warrants	Weighted average exercise price
	#	$
Balance, June 30, 2017	22,987,750	2.32
Issued	27,355,709	3.91
Exercised	(43,200,881)	3.08
Balance, June 30, 2018	7,142,578	3.81
Issued	18,895,520	9.23
Exercised	(2,252,224)	5.30
Balance, June 30, 2019	23,785,874	7.98

The following table summarizes the warrants that remain outstanding as at June 30, 2019:

Exercise Price ($)	Expiry Date	Warrants (#)
3.00 - 6.94	November 22, 2019 to November 2, 2020	7,884,406
9.37 - 9.65	January 31, 2020 - August 9, 2023	15,901,468
		23,785,874

(d) Compensation Options

Each compensation option entitles the holder to purchase one common share and one-half of one share purchase warrant of the Company. Each whole warrant is exercisable into one additional common share of the Company for a period of two years. A summary of the status of the compensation options outstanding is as follows:

	Note	Compensation options	Weighted average exercise price
		#	$
Balance, June 30, 2017		1,865,249	2.25
Exercised		(1,865,249)	2.25
Balance, June 30, 2018		—	—
Issued	10(a)(iv)	3,609	4.63
Exercised		(3,609)	4.63
Balance, June 30, 2019		—	—

Note 16 Share-Based Compensation

Accounting Policy

Stock Options

Stock options issued to employees are measured at fair value at the grant date and are recognized as an expense over the relevant vesting periods with a corresponding credit to share reserves.

Stock options issued to non-employees are measured at the fair value of goods or services received or the fair value of equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. The fair value of non-employee stock options is recorded as an expense at the date the goods or services are received with a corresponding credit to share reserves.

Depending on the complexity of the stock option terms, the fair value of options is calculated using either the Black-Scholes option pricing model or the Binomial model. When determining the fair value of stock options, management is required to make certain assumptions and estimates related to expected lives, volatility, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date.

The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Amounts recorded for forfeited or expired unexercised options are transferred to deficit in the year of forfeiture or expiry.

Upon the exercise of stock options, proceeds received from stock option holders are recorded as an increase to share capital and the related share reserve is transferred to share capital.

Restricted Share Units ("RSUs") and Deferred Share Units ("DSUs")

RSUs are equity-settled share-based payments. RSUs are measured at their intrinsic fair value on the date of grant based on the closing price of the Company's shares on the date prior to the grant, and is recognized as share-based compensation expense over the vesting period with a corresponding credit to share reserves. Upon the release of RSUs and DSUs, the related share reserve is transferred to share capital.

Under IFRS, the Company's DSUs are classified as equity-settled share-based payment transactions as they are settled in either cash or common shares at the sole discretion of Aurora. As such, the DSUs are measured in the same manner as RSUs.

The amount recognized for services received as consideration for the RSUs and DSUs granted is based on the number of equity instruments that eventually vest. Amounts recorded for forfeited RSUs and DSUs are transferred to deficit in the year of forfeiture or expiry.

On September 25, 2017, the Board adopted a "rolling maximum" or "evergreen" stock option plan and a Restricted Share Unit Plan. Additionally, on October 5, 2018, the Board adopted a Directors Deferred Share Unit Plan (applicable to independent directors only). The Board of Directors may from time to time, in its discretion, and in accordance with the Toronto Stock Exchange requirements, grant to directors, officers, employees and consultants, non-transferable stock options, RSUs and DSUs. The maximum number of common shares issuable pursuant to all equity based compensation arrangements shall, at any time, not exceed 10% of the issued and outstanding common shares of the Company.

(a) Stock Options

A summary of stock-options outstanding is as follows:

	Stock Options	Weighted Average Exercise Price
	#	$
Balance, June 30, 2017	15,233,566	1.84
Granted	18,530,000	7.16
Exercised [1]	(4,809,443)	1.91
Forfeited	(798,004)	2.66
Balance, June 30, 2018	28,156,119	5.36
Granted	58,775,913	8.12
Exercised [1]	(14,426,904)	3.22
Forfeited	(4,184,365)	8.41
Balance, June 30, 2019	68,320,763	7.99

(1) The weighted average share price during the year ended June 30, 2019 was $10.05 (year ended June 30, 2018 - $9.05).

The following table summarizes the stock options that remain outstanding as at June 30, 2019:

Exercise Price ($)	Expiry Date	Weighted Average Remaining Life	Options Outstanding (#)	Options Exercisable (#)
0.30 - 6.99	May 23, 2020 - Jan 9, 2024	3.07	19,071,487	10,431,926
7.00 - 9.99	Dec 7, 2022 - Jun 26, 2024	4.13	18,153,896	2,007,409
10.00 - 10.99	Jan 15, 2023 - Mar 13, 2026	6.32	23,657,213	3,198,131
11.00 - 13.63	Jan 2, 2023 - May 28, 2024	4.34	7,438,167	1,158,740
		4.62	68,320,763	16,796,206

During the year ended June 30, 2019, the Company recorded aggregate share-based compensation expense of $86.7 million (June 30, 2018 - $34.1 million) for all stock options granted and vested during the period. This expense is reflected in the share-based compensation line on the statement of comprehensive (loss) income.

Included in share-based compensation expense for the year ended June 30, 2019 is $16.7 million related to 19,961,754 stock options granted to the Company's strategic advisor, Nelson Peltz. These stock options are exercisable at $10.34 per share over seven years and vest ratably over a four-year period on a quarterly basis, subject to accelerated vesting based on the occurrence of certain events. The Company has rebutted the presumption that the fair value of the services received can be estimated reliably due to the unique nature of the strategic advisor's services. As such, in accordance with IFRS 2 for share-based payments granted to non-employees, the Company has measured the fair value of the options indirectly by reference to the fair value of the equity instruments granted. The Company will continue to fair value the unvested options at each period until they are fully vested.

Stock options granted during the respective periods highlighted below were fair valued based on the following weighted average assumptions:

	Year ended June 30, 2019	Year ended June 30, 2018
Risk-Free Annual Interest Rate (1)	1.81%	1.73%
Expected Annual Dividend Yield	0%	0%
Expected Stock Price Volatility (2)	81.37%	81.02%
Expected Life of Options (Years) (3)	2.96	2.97
Forfeiture Rate	4.17%	4.59%

(1) The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options.
(2) Volatility was estimated by using the average historical volatility of the Company.
(3) The expected life in years represents the period of time that options granted are expected to be outstanding.

The weighted average fair value of stock options granted during the year ended June 30, 2019 was $$5.28 (June 30, 2018 - $4.11) per option.

(b) RSUs and DSUs

Under the terms of the RSU plan, directors, officers, employees and consultants of the Company may be granted RSUs that vest over a period of up to three years from the date of grant. Each RSU gives the participant the right to receive one common share of the Company. The Company has reserved 10,000,000 common shares for issuance under this plan.

Under the terms of the DSU plan, non-employee directors of the Company may be granted DSUs. Each participant is entitled to redeem their DSUs for period of 90 days following their termination date, being the date of the participant's retirement or cessation of employment. The DSUs can be redeemed, at the Company's sole discretion, for (i) cash; (ii) common shares issued from treasury; (iii) common shares purchased in the open market; or (iv) any combination of the foregoing. The number of DSUs outstanding pursuant to the plan shall not exceed 1,000,000 common shares.

A summary of the RSUs and DSUs outstanding are as follows:

	RSUs and DSUs	Weighted Average Issue Price
	#	$
Balance, June 30, 2017	—	—
Issued	2,277,128	3.26
Vested	(127,128)	6.75
Balance, June 30, 2018	2,150,000	3.29
Issued	742,527	8.02
Vested and exercised	(742,188)	3.34
Forfeited	(120,002)	4.17
Balance, June 30, 2019	2,030,337	4.94

(1) As of June 30, 2019, there were 2,001,337 RSUs and 29,000 DSUs outstanding (June 30, 2018 - 2,150,000 RSUs and no DSUs).

During the year ended June 30, 2019, the Company recorded share-based compensation of $5.3 million (year ended June 30, 2018 - $3.4 million) for RSUs and DSUs (year ended June 30, 2018 – 2,277,128 RSUs) granted and vested during the period. This expense is included in the share-based compensation line on the statement of comprehensive (loss) income.

The weighted average fair value of RSUs and DSUs granted in the year ended June 30, 2019 was $8.02 (year ended June 30, 2018 - $3.29).

The following table summarizes the RSUs and DSUs that remain outstanding as at June 30, 2019:

Weighted Average Issue Price ($)	Expiry Date	RSUs and DSUs Outstanding (#)	RSUs and DSUs Vested (#)
2.76	September 29, 2020	1,233,336	333,331
7.39 - 8.54	August 3, 2021 - September 17, 2021	482,333	12,000
9.03 - 10.32	July 12, 2021 - January 15, 2023	314,668	1,250
		2,030,337	346,581

Note 17 (Loss) Earnings Per Share

Accounting Policy

The Company calculates basic (loss) earnings per share by dividing net (loss) income by the weighted average number of common shares outstanding during the period. Diluted (loss) earnings per share is determined by adjusting profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares, which comprise convertible debentures, RSU, DSU, warrants and share options issued.

The following is a reconciliation of basic and diluted (loss) earnings per share:

Basic (loss) earnings per share

	Year ended June 30, 2019	Year ended June 30, 2018
Net (loss) income attributable to Aurora shareholders	$ (290,837)	$ 71,936
Weighted average number of common shares outstanding	1,015,750,485	459,782,532
Basic (loss) earnings per share	$ (0.29)	$ 0.16

Diluted (loss) earnings per share

	Year ended June 30, 2019	Year ended June 30, 2018
Net (loss) income attributable to Aurora shareholders	$ (290,837)	$ 71,936
Dilutive effect on income	—	—
Adjusted net (loss) income attributable to Aurora shareholders	$ (290,837)	$ 71,936
Weighted average number of common shares outstanding - basic	1,015,750,485	459,782,532
Dilutive effect of options outstanding	—	7,121,278
Dilutive effect of warrants outstanding	—	3,211,970
Dilutive effect of RSU and DSUs	—	1,202,699
Dilutive effect of convertible debentures outstanding	—	18,232
Weighted average number of common shares outstanding - diluted	1,015,750,485	471,336,711
Diluted (loss) earnings per share	$ (0.29)	$ 0.15

See Note 28 for share issuances and potential share issuances subsequent to June 30, 2019 that may be dilutive and impact the number of shares outstanding and the calculation of basic and dilutive (loss) earnings per share.

Note 18 Other Income, Net

	Note	June 30, 2019	June 30, 2018
		$	$
Share of loss from investment in associates	6	(9,573)	(2,242)
Gain on deemed disposal of significant influence investment	4(g)	144,368	—
Unrealized gain on marketable securities	5(a)	—	20,083
Unrealized gain (loss) on derivative investments	5(b)	(16,199)	173,387
Unrealized loss on derivative liability	13(v)	(8,167)	—
Unrealized loss on changes in contingent consideration fair value	25	(3,263)	(7,844)
Gain on debt modification	14(a)	1,886	—
Gain on loss of control of subsidiary	4(k)	412	—
Total other income, net		109,464	183,384

Note 19 Supplemental Cash Flow Information

The components of cash and cash equivalents are as follows:

	June 30, 2019	June 30, 2018
	$	$
Cash and cash equivalents	172,727	76,785
Restricted cash [1]	46,066	13,398
	218,793	90,183

[1] Pursuant to the terms of the Credit Agreement (Note 14(a)), Aurora is required to reserve cash equal to two years of principal and interest payments. As at June 30, 2019, the Company had $ 46.1 million of cash reserved for such purposes. As at June 30, 2018, the Company held $ 13.4 million restricted cash in a legal trust relating to an investment in a private company.

The changes in non-cash working capital are as follows:

	June 30, 2019	June 30, 2018
	$	$
Sales tax recoverable	(12,497)	(6,470)
Accounts receivable	(57,161)	(5,887)
Biological assets	(40,486)	1,447
Inventory	(9,798)	(10,437)
Prepaid and other current assets	(11,039)	(8,236)
Accounts payable and accrued liabilities	103,146	3,105
Income taxes payable	(8,529)	1,659
Deferred revenue	(1,588)	(573)
Changes in operating assets and liabilities	(37,952)	(25,392)

Additional supplementary cash flow information are as follows:

	June 30, 2019	June 30, 2018
	$	$
Property, plant and equipment in accounts payable	41,646	16,924
Capitalized borrowing costs	25,244	5,710
Interest paid	18,055	7,066
Interest received	4,970	2,295

Note 20 Income Taxes

Accounting Policy

Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in other comprehensive (loss) income or equity.

Current tax assets and liabilities

Current tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Current tax assets arise when the amount paid for taxes exceeds the amount due for the current and prior periods.

Deferred tax assets and liabilities

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective periods of realization, provided they are enacted or substantively enacted at the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Significant estimates are required in determining the Company's provision for income taxes and uncertain tax positions. Some of these estimates are based on interpretations of existing tax laws or regulations. Various internal and external factors may have favorable or unfavorable effects on the Company's future effective tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, results of tax audits by tax authorities, future levels of research and development spending, changes in estimates related to repatriation of undistributed earnings of foreign subsidiaries, and changes in overall levels of pre-tax earnings. The realization of the Company's deferred tax assets is primarily dependent on whether the Company is able to generate sufficient capital gains and taxable income prior to expiration of any loss carry forward balance. A valuation allowance is provided when it is more likely than not that a deferred tax asset will not be realized. The assessment of whether or not a valuation allowance is required often requires significant judgment with regard to management's assessment of the long-range forecast of future taxable income and the evaluation of tax planning initiatives. Adjustments to the deferred tax valuation allowances are made to earnings in the period when such assessments are made.

The Company records tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting date. There is inherent uncertainty in quantifying income tax positions. The Company has recorded tax benefits for those tax positions where it is more likely than not that a tax benefit will result upon ultimate settlement with a tax authority that has all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will result, no tax benefit has been recognized in the consolidated financial statements.

The net tax provision differs from that expected by applying the combined federal and provincial tax rates of 27.0% (June 30, 2018 - 26.5%) to income (loss) before income tax for the following reasons:

	2019	2018
	$	$
Income (loss) before tax	(328,231)	77,327
Combined federal and provincial rate	27.0%	26.5%
Expected tax recovery	(88,622)	20,492
Change in estimates from prior year	1,934	(244)
Non-deductible expenses	34,563	13,557
Non-deducible portion of capital gains	(13,350)	(623)
Permanent portion of rate difference on capital items	2,006	(23,751)
Difference in statutory tax rate	(729)	(126)
Effect of change in tax rates	3,845	488
Changes in deferred tax benefits not recognized	30,046	(1,693)
Income tax expense (recovery)	(30,307)	8,100

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of asset and liabilities for financial reporting purposes and their tax values. Movements in deferred tax assets (liabilities) at June 30, 2019 and 2018 are comprised of the following:

	As of June 30, 2018	Deferred tax assets (liabilities) assumed from acquisition	Recovered through (charged to) earnings	Recovered through (charged to) other comprehensive income	Recovered through (charged to) equity	As of June 30, 2019
	$	$	$	$	$	$
Deferred tax assets						
Non-capital losses	30,186	10,552	3,565	—	—	44,303
Finance costs	7,888	4,710	(1,053)	—	—	11,545
Investment tax credit	593	—	135	—	—	728
Property, plant and equipment	—	7,835	5,866	—	—	13,701
Derivatives	—	—	37,462	—	—	37,462
Others	658	90	8,731	(4)	—	9,475
Total deferred tax assets	39,325	23,187	54,706	(4)	—	117,214
Deferred tax liabilities						
Convertible debenture	(10,905)	—	(36,597)	—	413	(47,089)
Marketable securities	(3,799)	—	(20,145)	17,803	—	(6,141)
Investment in associates	(10,313)	—	5,384	520	—	(4,409)
Derivatives	(15,529)	—	15,529	—	—	—
Intangible assets	(44,433)	(93,201)	8,072	—	—	(129,562)
Property, plant and equipment	(1,737)	—	1,737	—	—	—
Inventory	(4,973)	(8,456)	1,818	—	—	(11,611)
Biological assets	(3,041)	—	(7,247)	—	—	(10,288)
Total deferred tax liabilities	(94,730)	(101,657)	(31,449)	18,323	413	(209,100)
Net deferred tax liabilities	(55,405)	(78,470)	23,257	18,319	413	(91,886)

	As of June 30, 2017	Deferred tax assets (liabilities) assumed from acquisition	Recovered through (charged to) earnings	Recovered through (charged to) other comprehensive income	Recovered through (charged to) equity	As of June 30, 2018
	$	$	$	$	$	$
Deferred tax assets						
Non-capital losses	5,984	10,207	13,995	—	—	30,186
Finance costs	3,520	1,076	759	—	2,533	7,888
Investment tax credit	75	381	137	—	—	593
Others	—	—	658	—	—	658
Total deferred tax assets	9,579	11,664	15,549	—	2,533	39,325
Deferred tax liabilities						
Convertible debenture	(4,171)	—	348	—	(7,082)	(10,905)
Marketable securities	97	—	(3,841)	(55)	—	(3,799)
Investment in associates	(885)	(18)	(3,540)	—	(5,870)	(10,313)
Derivatives	44	—	(15,573)	—	—	(15,529)
Intangible assets	(7,743)	(36,360)	(330)	—	—	(44,433)
Property, plant and equipment	(97)	(4,637)	2,997	—	—	(1,737)
Inventory	(1,672)	(2,877)	(424)	—	—	(4,973)
Biological assets	(1,089)	(324)	(1,628)	—	—	(3,041)
Total deferred tax liabilities	(15,516)	(44,216)	(21,991)	(55)	(12,952)	(94,730)
Net deferred tax liabilities	(5,937)	(32,552)	(6,442)	(55)	(10,419)	(55,405)

Deferred tax assets have not been recognized with respect to the following deductible temporary differences:

	2019	2018
	$	$
Non-capital losses carried forward	85,484	8,563
Investment in associates	87,704	—
	173,188	8,563

The Company has income tax loss carryforwards of approximately $261.4 million (June 30, 2018 - $122.4 million) which are predominately from Canada and if unused, will expire between 2031 to 2039.

Note 21 Related Party Transactions

Accounting Policy

The Company considers a person or entity as a related party if they are a member of key management personnel including their close relatives, an associate or joint venture, those having significant influence over the Company, as well as entities that are under common control or controlled by related parties.

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors. Compensation expense for key management personnel was as follows:

	Years ended June 30,	
	2019	2018
	$	$
Management compensation (1)	7,446	5,284
Directors' fees (2)	349	210
Share-based compensation (3)	20,132	14,608
	27,927	20,102

(1) As of June 30, 2019, $2.6 million is payable or accrued for key management compensation (June 30, 2018 - $1.1 million).
(2) Includes meeting fees and committee chair fees.
(3) Share-based compensation represent the fair value of options granted and vested to key management personnel and directors of the Company under the Company's share-based compensation plans (Note 16).

The following is a summary of the significant transactions with related parties:

	Years ended June 30,		Balance receivable (payable) at June 30,	
	2019	2018	2019	2018
	$	$	$	$
Consulting fees (1)	6,696	5,364	—	(24)
Marketing fees (2)	3,784	2,210	—	(1,976)
Accounts receivable from associates	—	—	—	1,554
Loan receivable from a joint arrangement (3)	—	—	—	3,444
	10,480	7,574	—	2,998

(1) Operational and administrative service fees paid or accrued to a company having a former director in common with the Company, pursuant to an agreement with CanvasRx
(2) Marketing fees paid to a company partially owned by a former officer of the Company
(3) Business transactions carried out with associates and joint arrangements

Note 22 Commitments and Contingencies

(a) Claims and Litigation

From time to time, the Company and/or its subsidiaries may become defendants in legal actions and the Company intends to defend itself against all legal claims. Other than the claims described below, as of the date of this report, Aurora is not aware of any other material or significant claims against the Company.

On November 29, 2017, a claim was commenced against the Company regarding 300,000 stock options with an exercise price of $0.39 per share issued to a consultant pursuant to an agreement dated March 16, 2015. The agreement was terminated on March 8, 2016, and in accordance with the Company's stock option plan, the unexercised options expired 90 days from the date of the termination of the agreement. The option holder is attempting to enforce exercise rights which the Company believes do not exist. The Company believes the action to be without merit and intends to defend this claim. Examinations for discovery were completed in January 2019 and the parties are currently scheduling court dates. Due to the uncertainty of the timing and the amount of estimated future cash outflows relating to this claim, no provision had been recognized.

On October 3, 2018, a claim was commenced against the Company regarding the failure to supply product under a recently acquired subsidiary's supply agreement. The plaintiff is seeking specific performance of the supply agreement and damages for breach of contract for approximately $22.0 million (€14.7 million) plus legal costs. In accordance with the terms of the agreement, the Company had terminated the contract due to a breach by the plaintiff. The Company intends to defend this claim. The Company is currently awaiting the Plaintiff's reply to our Statement of Defense which was filed in December 2018. The parties are currently engaged in the document discovery process. Due to the uncertainty of timing and the amount of estimated future cash outflows relating to this claim, no provision has been recognized.

In connection with the acquisition of MedReleaf (Note 10(a)(i)), the Company assumed a contingent liability associated with a formerly terminated MedReleaf employee. The claimant is seeking performance under the terms of his employment agreement related to a certain severance obligation. The Company recognized a provision of $4.2 million as part of the purchase price allocation, which represents management's best estimate of the costs required to settle the matter.

(b) Commitments

(i) The Company has various lease commitments related to various office space, facilities and warehouses expiring between August 2019 and June 2033. The Company has certain operating leases with optional renewal terms that the Company may exercise at its option. The Company also has an option to purchase lands located in Cremona, Alberta which are currently being leased.

For the year ended June 30, 2019, operating lease expenses were $11.3 million (2018 - $2.6 million).

(ii) The Company has entered into licensing agreements which provide the Company with the exclusive rights to use certain technology used in the manufacturing of cannabis products and to sell branded products in exchange for upfront payments in cash, and future royalties from the sale of these products. In certain cases, the contracts also provide for annual minimum royalty payments.

(iii) In connection with the acquisition of MedReleaf (Note 10(a)(i)), the Company has an obligation to purchase additional intangible assets on December 8, 2019 and December 8, 2020 through the issuance of common shares contingent on the seller meeting specified revenue targets. The agreed upon purchase price of each intangible asset is $3.3 million and $3.0 million, respectively.

Future commitments including minimum royalty payments due in the next five years are as follows:

	$
2020	261,006
2021	28,931
2022	29,565
2023	30,163
2024	30,804
Thereafter	99,683
	480,152

Note 23 Revenue

Accounting Policy

The Company generates revenue primarily from the sale of cannabis, cannabis related products and provision of services. The Company uses the following five-step contract-based analysis of transactions to determine if, when and how much revenue can be recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

Revenue from the sale of cannabis is generally recognized when control over the goods has been transferred to the customer. Payment for medical sales is typically due prior to shipment. Payment for wholesale transactions is due within a specified time period as permitted by the underlying agreement and the Company's credit policy upon the transfer of goods to the customer. The Company generally satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled.

For bill-and-hold arrangements, revenue is recognized before delivery but only upon transfer of control of the good to the customer. Control is transferred to the customer when the substance of the bill-and-hold arrangement is substantive, the Company cannot sell the goods to another customer, the goods can be identified separately and are ready for physical transfer to the customer.

Service revenues, including patient referral and construction consulting services, are recognized over a period of time as performance obligations are completed. Payment of the transaction price for patient counselling is typically due prior to the services being rendered and therefore, the transaction price is recognized as a contract liability, or deferred revenue, when payment is received. Contract liabilities are subsequently recognized into revenue as or when the Company fulfills its performance obligation. Payment of the transaction price for design, engineering and construction consulting services are typically due upon completion of the performance-related milestone.

Effective October 17, 2018, Canada Revenue Agency ("CRA") began levying an excise tax on the sale of medical and consumer cannabis products. The Company becomes liable for these excise duties when cannabis products are delivered to the customer. The excise taxes payable is the higher of (i) a flat-rate duty which is imposed when a cannabis product is packaged, and (ii) an advalorem duty that is imposed when a cannabis product is delivered to the customer. Effective May 1, 2019, excise tax calculated on edible cannabis products, cannabis extracts and cannabis topicals will prospectively be calculated as a flat rate based on the quantity of total tetrahydrocannabinol (THC) contained in the final product. There were no changes in the legislation in calculating excise taxes for fresh cannabis, dried cannabis, seeds and plants. Where the excise tax has been billed to customers, the Company has reflected the excise tax as part of revenue in accordance with IFRS 15. Net revenue from sale of goods, as presented on the consolidated statements of comprehensive (loss) income, represents revenue from the sale of goods less applicable excise taxes. Given that the excise tax payable/paid to CRA cannot be reclaimed and is not always billed to customers, the Company recognizes that the excise tax is an operating cost that affects gross margin to the extent that it is not recovered from its customers.

The Company derives revenue from the transfer of goods and services over time and at a point-in-time from the following revenue streams:

Year Ended June 30, 2019	Point-in-time	Over-time	Total
	$	$	$
Cannabis			
Revenue from sale of goods	268,592	—	268,592
Revenue from provision of services	—	9,992	9,992
Other			
Revenue from sale of goods	2,513	—	2,513
Gross Revenue	271,105	9,992	281,097

Year Ended June 30, 2018	Point-in-time	Over-time	Total
	$	$	$
Cannabis			
Revenue from sale of goods	44,550	—	44,550
Revenue from provision of services	—	8,221	8,221
Other			
Revenue from sale of goods	2,425	—	2,425
Gross Revenue	46,975	8,221	55,196

Note 24 Segmented Information

Accounting Policy

Operating segments are components of the Company that engage in business activities which generate revenues and incur expenses (including intercompany revenues and expenses related to transactions conducted with other components of the Company). The operations of an operating segment are distinct and the operating results are regularly reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation decisions and assessing its performance. Reportable segments are Operating segments whose revenues or profit/loss or total assets exceed ten percent or more of those of the combined entity.

Key measures used by the CODM to assess performance and make resource allocation decisions include revenues, gross profit and net (loss) income. The Company's operating results are divided into two reportable segments plus corporate. The two reportable segments are (i) Cannabis; and (ii) Horizontally Integrated Businesses. The Company primarily operates in the Cannabis segment which includes support services such as patient counselling services, analytical testing services, and design, engineering and construction consulting services.

Operating Segments	Cannabis	Horizontally Integrated Businesses	Corporate	Total
	$	$	$	$
Year ended June 30, 2019				
Gross Revenue	278,584	2,513	—	281,097
Gross profit (loss)	162,910	(1,556)	(1,539)	159,815
Net loss	(164,298)	(8,567)	(125,059)	(297,924)
Year ended June 30, 2018				
Gross Revenue	52,772	2,424	—	55,196
Gross profit	43,120	399	—	43,519
Net (loss) income	(8,842)	(20)	78,089	69,227

Geographical Segments	Canada	European Union	Other	Total
	$	$	$	$
Non-current assets other than financial instruments				
As at June 30, 2019	4,442,849	82,922	226,483	4,752,254
As at June 30, 2018	1,509,645	32,225	—	1,541,870
Year ended June 30, 2019				
Gross Revenue	265,840	11,789	3,468	281,097
Gross profit (loss)	152,945	8,268	(1,398)	159,815
Year ended June 30, 2018				
Gross Revenue	48,152	4,599	2,445	55,196
Gross profit	39,654	3,459	406	43,519

During the year ended June 30, 2019, the Company had4 customers that each represented more than 10% of the Company's gross revenue.

Note 25 Fair Value of Financial Instruments

Accounting Policy

Fair Value Hierarchy

Financial instruments recorded at fair value are classified using a hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. The three levels of hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 - Inputs for the asset or liability that are not based on observable market data.

The individual fair values attributed to the different components of a financing transaction, notably marketable securities, derivative financial instruments, convertible debentures and loans, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and derive estimates. Significant judgment is also used when attributing fair values to each component of a transaction upon initial recognition, measuring fair values for certain instruments on a recurring basis and disclosing the fair values of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of instruments that are not quoted or observable in an active market.

Financial instruments are measured either at fair value or at amortized cost. The table below lists the valuation methods used to determine fair value of each financial instrument.

	Fair Value Method
Financial Instruments Measured at Fair Value	
Marketable securities	Closing market price of common shares as of the measurement date (Level 1)
Derivatives	Closing market price (Level 1) or Black-Scholes, Binomial, Monte-Carlo & FINCAD valuation model (Level 2 or 3)
Contingent consideration payable	Discounted cash flow model (Level 3)
Derivative liability	Kynex valuation model (Level 2)
Financial Instruments Measured at Amortized Cost	
Cash and cash equivalents, restricted cash, short-term investments, accounts receivable	Carrying amount (approximates fair value due to short-term nature)
Accounts payable and accrued liabilities	Carrying amount (approximates fair value due to short-term nature)
Convertible debentures, loans and borrowings	Carrying value at the effective interest rate which approximates fair value

The carrying values of the financial instruments at June 30, 2019 are summarized in the following table:

	Amortized cost	FVTPL	Designated FVTOCI	Total
	$	$	$	$
Financial Assets				
Cash and cash equivalents	172,727	—	—	172,727
Restricted cash	46,066	—	—	46,066
Accounts receivable excluding taxes receivable	85,232	—	—	85,232
Marketable securities	—	—	143,248	143,248
Derivatives	—	86,409	—	86,409
Financial Liabilities				
Accounts payable and accrued liabilities	152,884	—	—	152,884
Convertible debentures [1]	503,581	—	—	503,581
Contingent consideration payable	—	28,137	—	28,137
Loans and borrowings	141,244	—	—	141,244
Derivative liability	—	177,395	—	177,395

(1) The fair value of convertible notes includes both the debt and equity components.

The following is a summary of financial instruments measured at fair value segregated based on the various levels of inputs:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
As at June 30, 2019				
Marketable securities	142,248	—	1,000	143,248
Derivative assets	—	64,001	22,408	86,409
Contingent consideration payable	—	—	28,137	28,137
Derivative liability	—	177,395	—	177,395
As at June 30, 2018				
Marketable securities	59,188	—	—	59,188
Derivative assets	—	120,102	4,840	124,942
Contingent consideration payable	—	—	21,333	21,333

There have been no transfers between fair value categories during the years presented.

The following is a continuity schedule of contingent consideration payable:

	BCNL UCI	CanvasRx	H2	Whistler	Immaterial transactions	Total
Balance, June 30, 2017	—	13,221	—	—	—	13,221
Additions	1,119	—	14,957	—	—	16,076
Unrealized loss from changes in fair value	123	6,703	1,018	—	—	7,844
Payments	—	(14,040)	(1,768)	—	—	(15,808)
Balance, June 30, 2018	1,242	5,884	14,207	—	—	21,333
Additions	—	—	—	24,395	383	24,778
Unrealized loss from changes in fair value	458	261	2,060	376	108	3,263
Payments	(1,700)	(4,160)	(15,036)	—	(341)	(21,237)
Balance, June 30, 2019	—	1,985	1,231	24,771	150	28,137

The Company's contingent consideration payable is measured at fair value based on unobservable inputs and is considered a level 3 financial instrument. The determination of the fair value of these liabilities is primarily driven by the Company's expectations of the respective subsidiaries achieving certain milestones. The expected milestones were assigned probabilities and the expected related cash flows were discounted to derive the fair value of the contingent consideration. At June 30, 2019, the probability of achieving all milestones was estimated to be 100% and the discount rates were estimated to range between 4.86% and 22.76%. If the probabilities of achieving the milestones decreased by 10%, the estimated fair value of the contingent consideration would decrease by approximately $2.8 million (June 30, 2018 - $2.0 million). If the discount rates increased or decreased by 5%, the estimated fair value of contingent consideration would increase or decrease by approximately $0.3 million (June 30, 2018 - $0.4 million). If the expected timing

of achievement is delayed by six months, the estimated fair value of contingent consideration would decrease by approximately $0.4 million (June 30, 2018 - $0.9 million).

Note 26 Financial Instruments Risk

The Company is exposed to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

(a) Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash and cash equivalents, restricted cash, and accounts receivable. The risk exposure is limited to their carrying amounts reflected on the statement of financial position. The risk for cash and cash equivalents and restricted cash is mitigated by holding these instruments with highly rated Canadian financial institutions. As the Company does not invest in asset-backed deposits or investments, it does not expect any credit losses. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the financial institutions and the investment grade of its GICs.

Accounts receivable primarily consist of trade accounts receivable and sales tax receivable. The Company provides credit to certain customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. Credit risk is generally limited for receivables from government bodies, which generally have low default risk, and medical sales direct to patients, where payment is required prior to the delivery of goods. Credit risk for non-government wholesale customers is assessed on a case-by-case basis and a provision is recorded where required. As of June 30, 2019, $25.1 million of accounts receivable are from non-government wholesale customers. As of June 30, 2019, the Company recognized a $3.1 million provision for expected credit losses.

As at June 30, 2019, the Company's aging of receivables was as follows:

	June 30, 2019	June 30, 2018
	$	$
0 – 60 days	59,725	13,569
61 – 120 days	43,768	1,527
	103,493	15,096

(b) Liquidity risk

The composition of the Company's accounts payable and accrued liabilities was as follows:

	June 30, 2019	June 30, 2018
	$	$
Trade payables	38,671	39,069
Accrued liabilities	79,933	5,967
Payroll liabilities	17,727	2,628
Excise tax payable	10,040	—
Other payables (receivables)	6,513	(208)
	152,884	47,456

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities when they are due. The Company manages liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. On August 29, 2018, the Company secured a $200.0 million Credit Facility with BMO, of which a $1.6 million letter of credit is outstanding under Facility A and $146.2 million was outstanding under Facility B as of June 30, 2019 (Note 14(a)). Subsequent to June 30, 2019, the Company elected to amend and upsize the Credit Facility (Note 28). On April 2, 2019, the Company filed a base shelf prospectus (the "Shelf Prospectus") and a corresponding shelf registration statement on Form F-10 (the "Registration Statement") with the United States Securities and Exchange Commission ("the SEC"). The Shelf Prospectus and Registration Statement was declared effective on May 9, 2019 and May 10, 2019, respectively, which allows the Company to make offerings of common shares, debt securities, subscription receipts, units, warrants or any combination thereof up to US$750.0 million during the 25-month period that the Shelf Prospectus is effective. Should the Company decide to offer securities during this period, the specific terms, including the use of proceeds from any offering, will be set forth in a related prospectus supplement to the Shelf Prospectus, which will be filed with the applicable Canadian securities regulatory authorities and the SEC. The Company also filed an "At-The-Market" supplement ("ATM") which provides for securities to be sold by registered dealers on behalf of Aurora through the stock exchanges at prevailing market prices at the time of sale.

In addition to the commitments outlined in Note 22, the Company has the following gross contractual obligations as at June 30, 2019, which are expected to be payable in the following respective periods:

	Total	<1 year	1 - 3 years	3 - 5 years	> 5 years
	$	$	$	$	$
Accounts payable and accrued liabilities	152,884	152,884	—	—	—
Convertible notes and interest (1)	815,421	264,589	49,665	501,167	—
Loans and borrowings (2)	161,160	23,559	137,284	317	—
Contingent consideration payable	60,769	53,512	7,257	—	—
	1,190,234	494,544	194,206	501,484	—

(1) Assumes the principal balance of the notes outstanding at June 30, 2019 remains unconverted and includes the estimated interest payable until the maturity date.
(2) Includes interest payable until maturity date.

(c) Market risk

Market risk is the risk that changes in the market related factors, such as foreign exchange rates and interest rates, will affect the Company's (loss) income or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(i) Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company operates internationally, certain of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are, therefore, subject to currency transaction and translation risks.

The Company's main risk is associated with fluctuations in Euros, Danish Krone, Australian and U.S. dollars. The Company holds cash in Canadian dollars, U.S. dollars, Danish Krone and Euros; investments denominated in Australian and U.S. dollars and C$460.6 million of Senior Notes which are denominated in U.S. dollars. Assets and liabilities are translated based on the Company's foreign currency translation policy.

The Company has determined that as at June 30, 2019, the effect of a 10% increase or decrease in Euros, Danish Krone, Australian dollars and U.S. dollars against the Canadian dollar on financial assets and liabilities would result in an increase or decrease of approximately $48.9 million (June 30, 2018 - $0.1 million) to net profit (loss) and $20.5 million to comprehensive (loss) income(June 30, 2018 - $0.9 million) for the year ended June 30, 2019.

At June 30, 2019, the Company has not entered into any hedging agreements to mitigate currency risks, respect to foreign exchange rates.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's financial liabilities consist primarily of long-term fixed rate debt or variable rate debt. Fluctuations in interest rates could impact the Company's cash flows, primarily with respect to the interest payable on the Company's variable rate debt, which consists of certain borrowings with a total principal value of $146.2 million (June 30, 2018 - nil). If the variable interest rate changed by 10 basis points, the Company would incur an associated increase or decrease in net and comprehensive loss of approximately $8.7 million (June 30, 2018 - nil).

(iii) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's marketable securities and investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The fair value of marketable securities and derivatives held in publicly traded entities are based on quoted market prices which the shares of the investments can be exchanged for. The fair value of marketable securities and derivatives held in privately-held entities are based on various valuation techniques, as detailed in Note 25, and is dependent on the type and terms of the security.

If the fair value of these financial assets were to increase or decrease by 10% as of June 30, 2019, the Company would incur an associated increase or decrease in net and comprehensive (loss) income of approximately $23.0 million (2018 - $29.5 million). See Note 5 for additional details regarding the fair value of marketable securities and derivatives.

Note 27 Capital Management

As at June 30, 2019, the capital structure of the Company consists of $5,034.9 million (June 30, 2018 - $1,756.1 million) in shareholders' equity and debt.

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support ongoing operations and future growth such that the Company can continue to deliver returns to shareholders and benefits for other stakeholders.

From time to time, the Company may adjust its capital structure in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. In addition, the Company plans to use existing funds, as well as funds from the future sale of products to fund operations and expansion activities.

As disclosed in Note 14, the Company has various loan facilities in place. Certain loans are subject to financial covenants, which are generally in the form of leverage and liquidity ratios. As at June 30, 2019, the Company was in compliance with all covenants under the Credit Facility and term loans. The Company does not have any other externally imposed capital requirements.

Note 28 Subsequent Events

Acquisition of Remaining Interest in Hempco

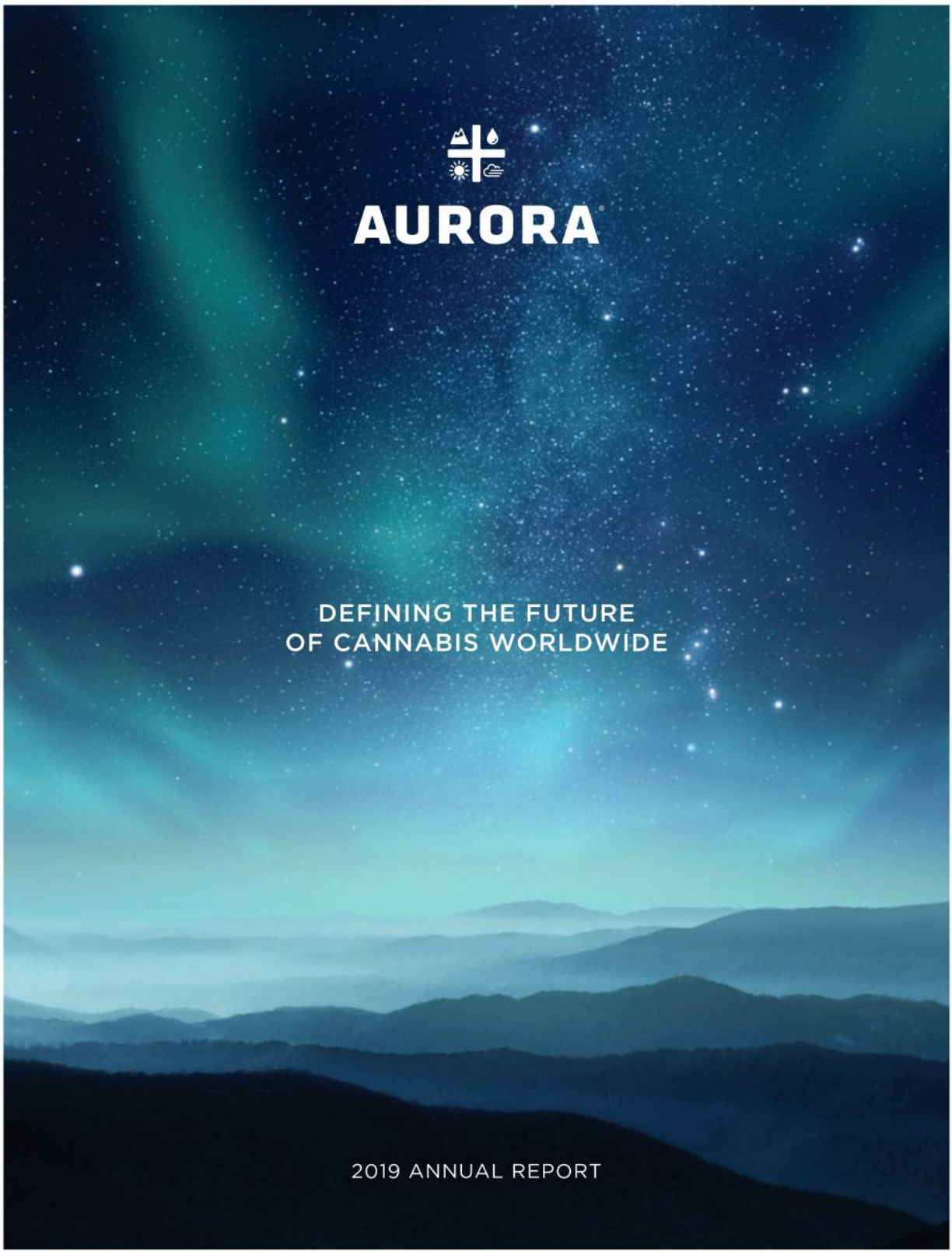
In August 2019, the Company completed the acquisition for the remaining common shares of Hempco not previously owned by Aurora. Each Hempco shareholder received $1.04 per Hempco share, paid in common shares of Aurora at a deemed value of $12.01 per share. Aurora issued a total of 2,610,642 shares and reserved for issuance a total of 242,602 of shares issuable in lieu of Hempco shares upon the exercise of certain outstanding Hempco stock options. Aurora previously controlled Hempco with a 51% ownership interest, the transaction results in a change in Aurora's ownership and is accounted for as an equity transaction.

Financing Activities

On September 4, 2019, the Company executed an amendment and upsize of its existing C$200.0 million secured credit facility to C$360.0 million. The amended secured credit facility will consist of an additional C$160.0 million allocated between the term loans and revolving credit facility. The expanded credit facility matures in August 2021 and will have a first ranking general security interest in the assets of Aurora and the loans can be repaid without penalty at Aurora's discretion. In connection with the amendment, the Company also obtained the right to increase the loan amount by an additional $39.1 million under the same terms of the existing agreement.

Sale of Remaining Shares in TGOD

On September 4, 2019, the Company disposed of its remaining 28,833,334 shares, representing 10.5% of the issued and outstanding shares of TGOD at a price of $3.00 per share for an aggregate gross proceeds of $86.5 million. As a result of this transaction, Aurora no longer holds any shares of TGOD, however, they do continue to hold warrants to purchase 16,666,667 shares of TGOD.


AURORA
DEFINING THE FUTURE
OF CANNABIS WORLDWIDE
2019 ANNUAL REPORT

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Consumer Net Revenue

$29.6M Q3 2019 — UP **52%** — **$44.9M** Q4 2019

Canadian Medical Net Revenue

$23.0M Q3 2019 — UP **10%** — **$25.2M** Q4 2019

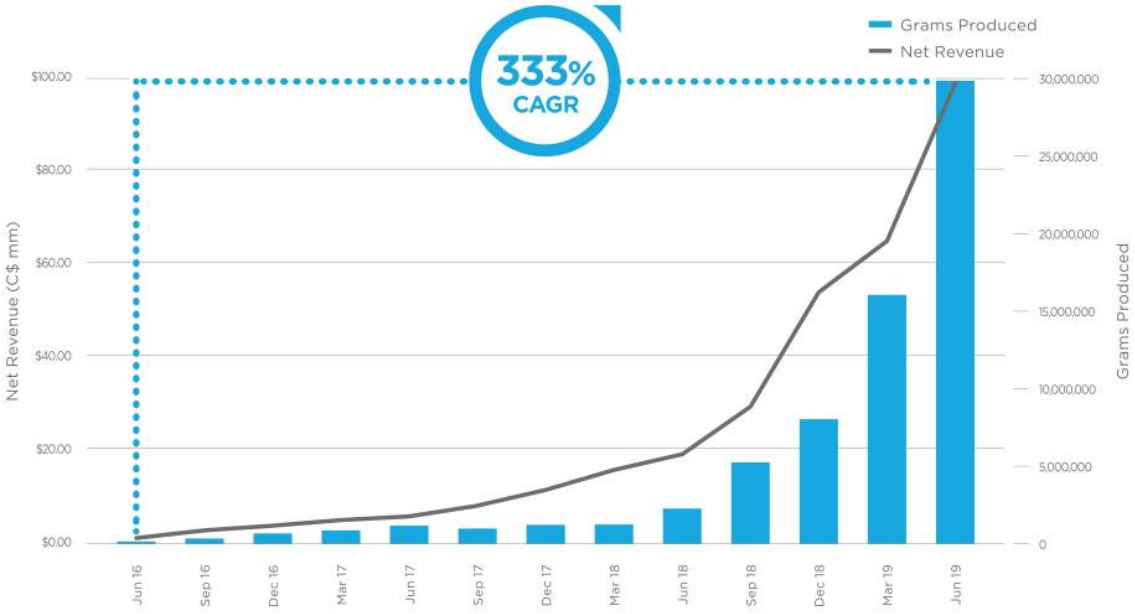
Gross Margin on Cannabis Net Revenue

55% Q3 2019 — UP **3%** — **58%** Q4 2019

Cash Cost of Sales

$2.05 Q3 2019 — **28%** DOWN — **$1.47** Q4 2019

Q4 2019
Key Performance Indicators



International Medical Net Revenue

$4.0M Q3 2019 — UP **12%** — **$4.5M** Q4 2019

Active Registered Patients

77,136 Q3 2019 — UP **10%** — **84,729** Q4 2019

Selling, General and Administration

$67.1 Q3 2019 — UP **9%** — **$72.9** Q4 2019

Cash Cost to Produce Per Gram Sold

$1.42 Q3 2019 — **20%** DOWN — **$1.14** Q4 2019



"Aurora is committed to defining the future of cannabis globally. That's our job. That's our purpose."

A Letter from the CEO

The past year has been immensely transformational for the cannabis industry. New ideas, companies, regulations, and experts are focused on the future of cannabis. Rather than talk about the future, at Aurora, we're defining the future of cannabis, globally. We're doing the hard work.

Two words best capture fiscal 2019 for Aurora: Integration and Leadership. This year, the cannabis industry transformed from a conceptual model to an operating business, and Aurora has emerged as the leader of the industry. Despite receiving our first sales license 18 months after our peers, today we've grown to be the market leader in high-quality, consistent production, scientific innovation, and have built a strong foundation for continued growth.

Another pillar of our tremendous growth has been identifying best-in-class operations, which to date have allowed us to close 17 strategic acquisitions. In the past year, we have been extremely focused on the integration of every acquisition, ensuring they blend seamlessly into Aurora's culture and share our focus on profitability: MedReleaf brought leading brands and production expertise; Whistler's organic cannabis brings a high-value niche brand to the premium cannabis market; Anandia brings third-party validation and world-class plant testing and research; and ICC Labs, Agropro, Borela, and Hempco have combined to create Aurora Hemp, our new end-to-end hemp-derived CBD and hemp food business unit. With the integration of these businesses now complete, Aurora will continue to drive growth and innovation in the consumer, medical and wellness markets. Furthermore, our strategic investments in companies like EnWave, Radient, Alcanna, Choom, and High Tide are providing greater leverage for our operations today, while preserving long-term optionality across the cannabis value chain.

We're in the early days of what we know is going to be a massive global industry. In fiscal 2019, our Sky Class facilities are now established as the industry standard for efficiency and scale: we are leaders in cultivation. Our hard-earned reputation for best-in-class quality, product consistency, and regulatory compliance has allowed us to build trusted relationships with governments around the world. Leveraging these relationships, we've now grown into 25 markets, through targeted acquisitions and strategic partnerships, and we will continue to expand globally to ensure access to medical cannabis for our patients. Our focus on leading the industry in operational efficiency and regulatory compliance is driving us to the most important goal – profitability where we expect to be a leader for the industry in the near term.

Leadership in innovation is key to our ongoing success at home and abroad. This year alone we've developed and brought a variety of innovative new products to market which includes, cannabidiol ("CBD") vape cartridges, softgel capsules, sprays, hemp oil tinctures, pre-rolls...the list goes on. We're not done yet. Aurora is ready for the next wave of cannabis products to hit the Canadian consumer market and we have built scalable operations in advance to ensure Aurora has the right products on store shelves when derivative cannabis

products are legalized this fall. Some of the new products you can expect to see from Aurora soon include: vapes, gummies, mints, chocolates, and other edibles – we're very excited to roll these out to the market this fall.

Our broad clinical research program will continue to focus on how cannabis can help those suffering from chronic pain and debilitating illnesses such as childhood epilepsy and Parkinson's disease. We're learning more about how different cannabinoids interact in our bodies and how we can optimize the benefits that they can provide. Furthermore, we are leaders in plant genetics, investing in our core understanding of the cannabis plant by studying disease resistance, yield optimization, and potency control which will allow us to create customized strains of cannabis better suited to customer tastes. We have initiated research into outdoor cultivation to augment our deep expertise in indoor growing and to further refine our cannabis cultivation process.

We have significantly advanced our understanding and capabilities to compete in the United States, highlighted by our science-driven partnership with the UFC to study the effectiveness of CBD as a treatment for pain and recovery in high-performance athletes. This ground-breaking research will generate the data required to establish CBD as a widely accepted therapeutic ingredient, and the intellectual property developed from this partnership will create our competitive advantage in this marketplace. Additionally, we announced the appointment of Nelson Peltz as our Strategic Advisor. Together we are approaching our US market entry in a thoughtful and calculated manner and are leveraging Nelson's expertise and relationships to further advance our agenda. These are complex decisions, but we continue to make significant strides to secure our market position with potential partners in the United States and globally.

Aurora's dedication to corporate social responsibility and sustainability lies within everything we do, and our mission expands beyond cannabis production. As our company grows globally and this newly regulated industry evolves, Aurora is setting the standard for social responsibility by driving positive social impact across the world.

We're ready for anything that the rapidly-changing world of cannabis has to offer because we committed early to building an efficient, scalable and highly adaptable business. We've made the strategic decisions needed to ensure our financial success and our market leadership for years to come.

We take our leadership role in the industry very seriously. Aurora is committed to defining the future of cannabis globally. That's our job. That's our purpose. Everyone at Aurora works towards this goal every day. Nothing less will do, for our customers, our patients, our employees, and our shareholders.

Terry Booth
CEO
Aurora Cannabis Inc.

Business Strategy

The global cannabis industry is a rapidly developing business opportunity that offers the potential to positively and significantly impact the lives of millions of people worldwide. Aurora's strategy is squarely focused on establishing a strong leadership position in three distinct, rapidly growing markets that the company currently operates in today: medical cannabis, consumer cannabis, and hemp-derived CBD.



~$200 Billion opportunity by 2025*

Aurora's scalable organization is prepared and well positioned to tackle this revenue opportunity.

This growth strategy is built upon a foundation supported by Aurora's unique competitive advantages:

CULTIVATION

Each of Aurora's state-of-the-art production facilities are purpose-built, completely contained, and environmentally-controlled. These facilities produce high-quality cannabis at massive scale, leveraging significant automation and precision environmental control to produce reliable, consistent and high-yield crops at low costs. These factors are critically important in the development of a strong global reputation with governments and consumers.

MEDICAL COMMITMENT

With a patient-first philosophy, Aurora is committed to providing patients worldwide with access to consistent and effective medical cannabis products. A growing number of progressive countries around the world have established legal medical-cannabis programs, of which Canada has the most sophisticated market, and Aurora is the Canadian market leader. Aurora has more than 85,000 medical patients in Canada and has developed a strong presence in Europe and an emerging presence in Latin America. With the continued expansion of the Company's global footprint, servicing the needs of patients worldwide remains the greatest near-term international opportunity for Aurora.

* Source: *Deloitte Research, Nurturing new Growth: Canada gets ready for Cannabis 2.0*



SCALE AND GLOBAL REACH

Aurora currently operates in 25 countries across 5 continents. With 15 facilities producing or under construction, Aurora has built the necessary scale to lead the cannabis industry on an international level. Each of Aurora's facilities are built to meet European Union Good Manufacturing Practice ("EU GMP") standards, a key certification required for the sale of products into European medical cannabis markets.

SCIENCE AND INTELLECTUAL PROPERTY

Aurora is a science-driven cannabis company focused on developing and commercializing evidence based intellectual property in product innovation, plant and human science areas. The focus on the development of cannabis breeding and genetics drives production efficiencies, yield enhancements and the creation of disease resistant strains. Aurora is pursuing clinical research studies and trials that generate data to support evidence-based decisions made by doctors, other healthcare professionals, and government policy makers. Leveraging the Company's strong R&D platform, Aurora's product development team has introduced new, innovative products under the industry's current strict regulatory framework and is continuing to develop the next generation of products that will be in demand for both the medical and consumer markets.

STRATEGIC PARTNERSHIPS

Established leaders in mature industries have a role to play in the development of the global cannabis and hemp-derived CBD markets. Together with the Company's Strategic Advisor, Aurora is working to evaluate various consumer product companies for potential collaboration across different industry verticals. With strong operations across the value chain, Aurora intends to realize the full potential of its assets in the cannabis and hemp industries with strategic partners that compliment the Company's abilities and accelerate growth.

2019: Building the Foundation of a Long-Term Business

All values reflect fiscal year-over-year data.

349%
revenue growth

629%
increase in kilograms sold

12
strategic acquisitions and partnerships closed

10
international markets entered

96%
increase in active registered patients



Producing Premium Product by Driving Innovation

Leading-edge cultivation is fundamental to Aurora. Incorporating state-of-the-art cultivation technologies, Aurora's Sky Class facilities leverage a high degree of automation to deliver consistent, premium-quality cannabis at mass scale.

Purpose-built for the production of cannabis, Sky Class facilities incorporate advanced climate control, custom irrigation systems, pharma-grade air filtration and a fully integrated computer monitoring system to enable precise control of all environmental variables at each stage of the growth cycle. Together, these systems maximize each facility's yields and maintain consistent cannabinoid potency from batch to batch.





Aurora Sky, the company's flagship Sky Class facility spans 800,000 square feet, housing 16 individual flower rooms, each measuring 34,000 square feet.





Supplying Far-reaching Markets Through 15 Global Production Facilities

1. **AURORA MOUNTAIN**
   CAPACITY: 4,800 KG/YEAR
2. **AURORA VIE**
   CAPACITY: 4,000 KG/YEAR
3. **AURORA EAU**
   CAPACITY: 4,500 KG/YEAR
4. **AURORA SKY**
   CAPACITY: >100,000 KG/YEAR
5. **AURORA SUN**
   CAPACITY: >230,000 KG/YEAR
6. **AURORA NORDIC 1**
   CAPACITY: 8,000 KG/YEAR
7. **AURORA NORDIC 2**
   CAPACITY: >120,000 KG/YEAR
8. **AURORA PRAIRIE**
   CAPACITY: 19,000 KG/YEAR
9. **AURORA RIDGE**
   CAPACITY: 7,000 KG/YEAR
10. **AURORA RIVER**
    CAPACITY: 28,000 KG/YEAR
11. **WHISTLER ALPHA LAKE**
    CAPACITY: 500 KG/YEAR
12. **WHISTLER PEMBERTON**
    CAPACITY: >5,000 KG/YEAR
13. **ICC LABS**
    CAPACITY: 27,135 KG/YEAR
14. **AURORA GERMANY**
    CAPACITY: 2,100 KG/YEAR
15. **AURORA PORTUGAL**
    CAPACITY: 4,000 KG/YEAR

Expanding Global Operations

In fiscal 2019, Aurora continued to deliver on its dynamic global expansion strategy, expanding its sales and operations to more than 20 countries, broadening its distribution channels and forming one of the largest international networks in the cannabis industry.

As the global demand for high-quality medical cannabis continues to increase, Aurora has secured a number of supply agreements and partnerships in key markets that have served to increase international revenues and position the company to capitalize on additional nascent markets as they emerge.

Powering International Operations with EU GMP Certified Facilities

Sustaining Aurora's international operations are its European Good Manufacturing Practices (EU GMP) certifications which permit the Company to distribute its premium medical cannabis to medical markets worldwide. EU GMP is the highest certification attainable in pharmaceutical manufacturing and to date Aurora has received certification for two of its facilities. Together, the EU GMP certified facilities boast a capacity of 11,800 kg/year, providing significant supply for the international markets.

New Supply Agreements include:



UNITED KINGDOM

COMMENCED COMMERCIAL EXPORT OF MEDICAL CANNABIS OIL



GERMANY

EXPANDED PRODUCT OFFERING IN GERMANY TO INCLUDE CANNABIS OILS

International Partner of Choice

With a proven ability to win business in countries with complex and evolving regulatory systems, Aurora has become a partner of choice in a number of international markets. In 2019, the sophistication of Aurora's operations and the quality of its medical products have been realized in a number of international markets.



ITALY

Selected as the sole winner of the Italian government's public tender to supply medical cannabis in Italy.



GERMANY

Selected by the Federal Institute for Drugs and Medical Devices as one of three winners in the public tender to cultivate and distribute medical cannabis in Germany.



MALTA

Received first ever cultivation Letter of Intent issued by Maltese authorities approving Aurora's application for the establishment of a seed-to-pharma cannabis operation.



POLAND

Granted approval for shipment of medical cannabis to pain treatment center and hospital.



LUXEMBOURG

SELECTED BY THE HEALTH MINISTRY TO BE THE EXCLUSIVE SUPPLIER OF THE SECOND EVER DELIVERY OF MEDICAL CANNABIS



CZECH REPUBLIC

SECURED SUPPLY AGREEMENT WITH PHARMACEUTICAL WHOLESALER TO BEGIN SUPPLYING TO CZECH PHARMACIES

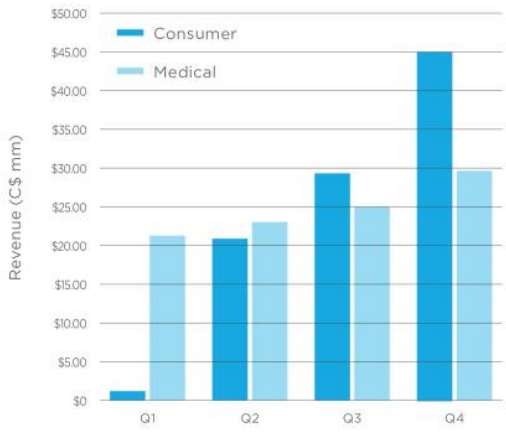
Trusted Leader in the Canadian Consumer and Medical Markets

17.8 Million
GRAMS SOLD
IN Q4 2019

>84,000
ACTIVE PATIENTS
IN Q4 2019



Net Revenue on Medical and Consumer Cannabis in Canada



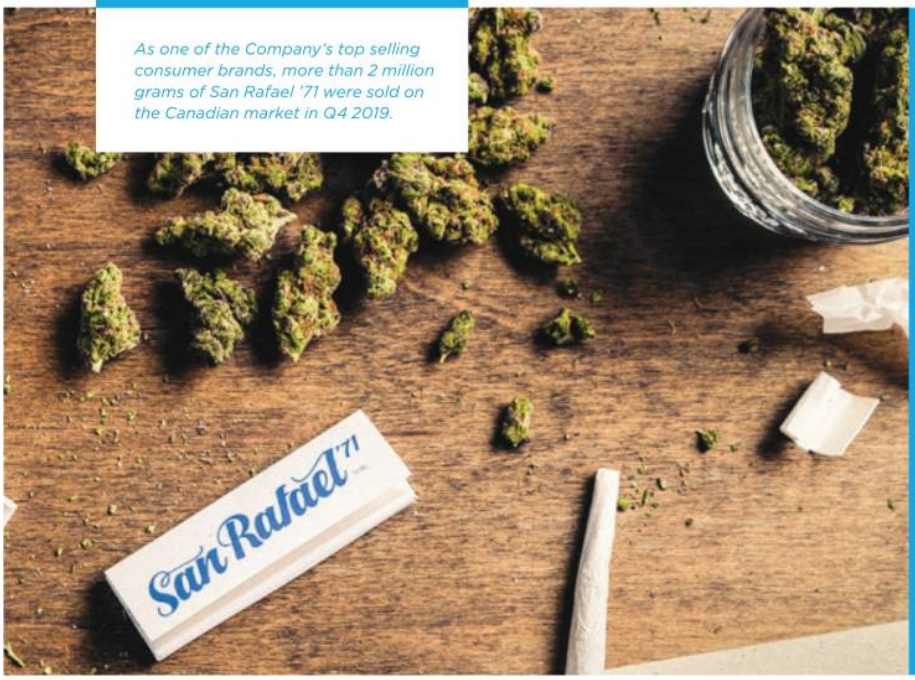
Medical cannabis sales in Canada have remained strong in 2019, demonstrating the value of Aurora's diverse product offering and patient loyalty to the Aurora, Medreleaf, CanniMed and Whistler brands.

With 84,729 active registered patients in Q4 2019, Aurora has established itself as a strong and capable producer with a commitment to improving access to medical cannabis.

While the Company continues to be a leading supplier in the medical market, revenues on consumer cannabis have also shown strong growth following the introduction of the Canadian consumer market in October 2018. Aurora has continued to leverage its coast-to-coast supply agreements to offer a broad range of premium products and in Q4, revenues on consumer cannabis increased by 52% quarter-over-quarter, reflecting the continued demand for Aurora products across Canada.

Medical Brands Include:

AURORA · CanniMed BY AURORA · MedReleaf BY AURORA · WMMC



As one of the Company's top selling consumer brands, more than 2 million grams of San Rafael '71 were sold on the Canadian market in Q4 2019.

AURORA

San Rafael '71

Whistler CANNABIS CO.

ALTAVIE

WOODSTOCK

Established Consumer Brands

Backed by award-winning product formulations, detailed consumer and marketplace insights and advanced analytical frameworks, Aurora is home to a diverse portfolio of trusted, recognizable cannabis brands. Through an engaging collection of consumer brands, Aurora has captured significant market share across the cannabis industry and distinguished itself as a leading supplier of premium cannabis products.

AURORA

Created by four visionary entrepreneurs with a shared passion for cultivating the highest quality cannabis, Aurora grows some of the world's finest cannabis in the most technologically advanced facilities, using a completely pesticide-free approach to growing.

SAN RAFAEL '71

San Rafael '71 is for the experienced consumer seeking cannabis that doesn't stray from what they already know and love. That's why we're dedicated to harvesting the best cannabis with consistent, high THC-strains to celebrate the good times and spirit of '71.

WHISTLER CANNABIS CO.

Whistler Cannabis Co. believes in organic growing, craftsmanship and good old-fashioned farming, producing high-quality products by hand. From trimming flowers, to rolling joints, every part of the process is carried out by skilled British Columbia hands, ensuring that products stay true to their roots.

ALTAVIE

Superior cannabis products designed for the premium customer segment. AltaVie users are curious and discerning about life and searching for physical, mental and emotional enrichment.

THE WOODSTOCK CANNABIS COMPANY

Known as one of the most significant cultural events of the 20th century, Woodstock takes its name from the 1969 festival known to be one of the most important events in music history. Almost 50 years later, Woodstock is a line of cannabis products for the thriving music and festival lover.



Terry Booth, CEO of Aurora and Dana White, President of UFC are joined by UFC and Aurora executives at partnership press event.

UFC

"We're looking forward to collaborating with Aurora to find new ways to improve the health and safety of athletes who compete in UFC."

- Dana White
President, UFC

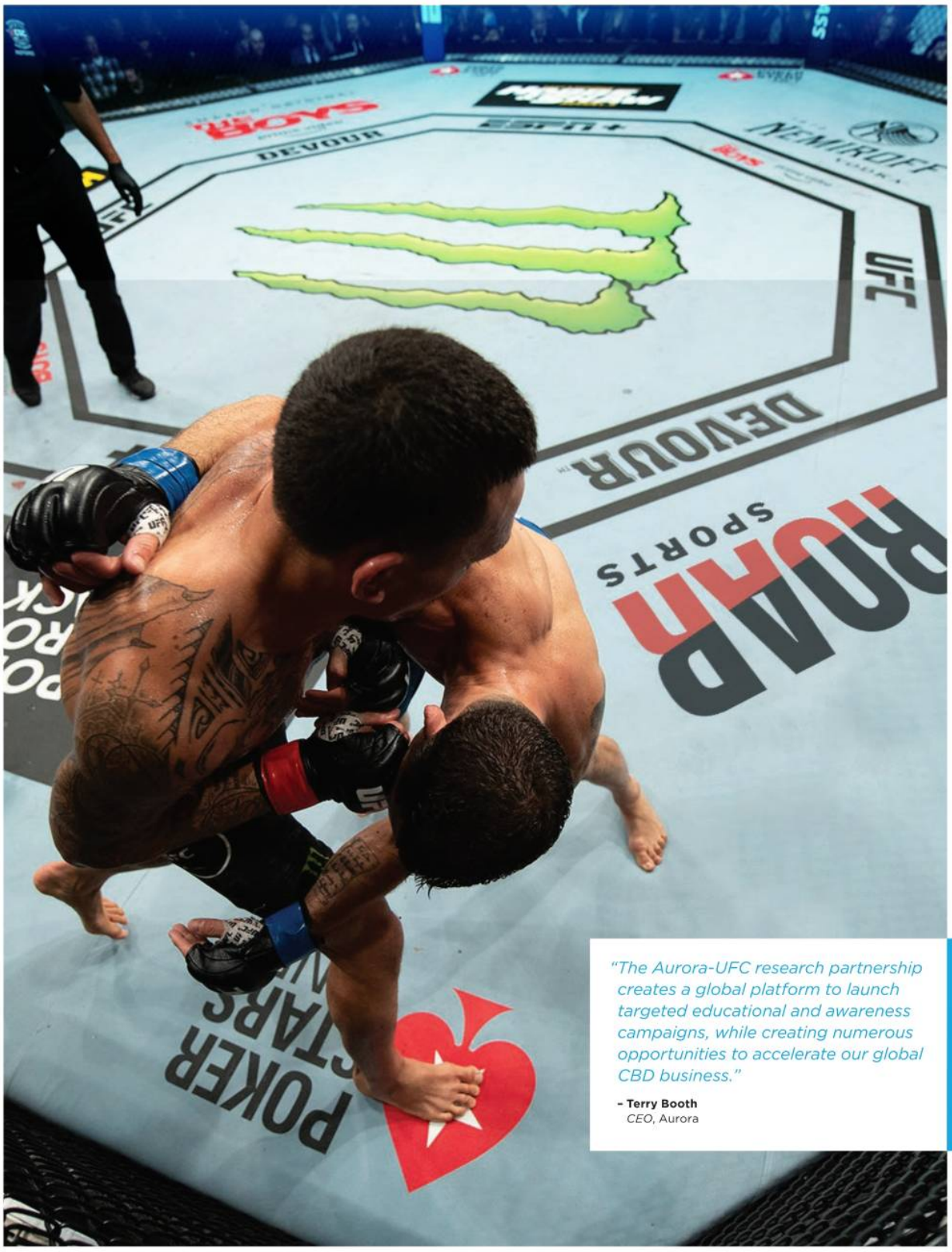
Advancing Athlete Health and Wellness

Forming one of the cannabis industry's most advanced research teams, Aurora and UFC, the world's premier mixed martial arts (MMA) organization, have entered into an exclusive global partnership to carryout advanced clinical research on the uses of hemp-derived CBD products in athlete wellness and recovery.

Closely examining the use of CBD as an effective treatment for pain, inflammation, wound-healing and recovery in MMA athletes, the results of this joint clinical research program will inform the development of CBD products for Aurora's newly formed high-performance sports brand ROAR Sports.

ROAR SPORTS

Through this partnership, ROAR Sports products will be designated as the official CBD product of the UFC.



"The Aurora-UFC research partnership creates a global platform to launch targeted educational and awareness campaigns, while creating numerous opportunities to accelerate our global CBD business."

– Terry Booth
CEO, Aurora

Having identified the hemp-derived CBD market opportunity early on, Aurora has developed an end-to-end infrastructure for hemp operations through a number of targeted acquisitions and key strategic partnerships. Together, these assets form a strong operating division that will serve medical, consumer and wellness markets worldwide.

agropro

As europe's largest producer of organic hemp and hemp-based food products, Agropro has extensive experience in sowing seeds, growing, machine harvesting, drying and cleaning biomass in preparation for food processing or extraction into CBD.

HEMPCO

A trusted provider and respected pioneer of quality, hemp-based foods, hemp fiber, and hemp nutraceuticals, Hempco produces and markets products for recognized brands including PLANET HEMP™ and PRAISE. Aurora is currently nearing completion on construction of a state-of-the-art, 56,000 ft^2 facility that will be capable of processing 2.9 million kg per year.

BORELA

A processor of hulled hemp seeds, hemp seed protein, hemp flour, and hemp seed oil, Borela currently distributes products across the Europeans Union.

ICCLABS

Based in Latin America, ICC labs is a producer and distributor of recreational and medicinal cannabinoid products with operations in Uruguay and Colombia. ICC has access to high CBD hemp genetics available for export to international jurisdictions.

UFC

Through a joint clinical research partnership, Aurora and UFC will research and examine the use of hemp-derived CBD as an effective treatment for pain, inflammation, wound-healing, and recovery on MMA athletes.

RADIENT

As a provider of industrial scale manufacturing solutions, Radient has a propietary extraction technology capable of extracting cannabinoids from hemp biomass at rapid speed on a commercial scale.

Anandia

An industry leader in science, genetics, and independent cannabis product testing. Anandia provides rigorous product testing and quality assurance, ensuring safe and efficacious consumer products.

ROAR SPORTS

Research data produced from the Company's joint clinical research program with the UFC will inform the development of ROAR Sports, a portfolio of science-backed, high-quality, hemp-derived CBD topical treatments.

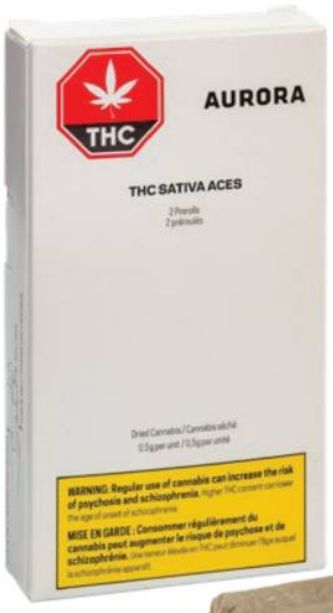
Bringing Innovative Products to Market



Softgel capsules



Oral sprays



Pre-rolls

Aurora's product development strategy focuses on strengthening the Company's competitive advantage with innovative product forms, enhancing the experience of existing consumers and capitalizing on opportunities to attract new consumers and patients. In 2019, Aurora brought a significant number of new products to market, addressing the demand for alternate delivery formats and dosing options.

THC and CDB oils





"Product innovation and the ability to successfully navigate the regulatory landscape are core capabilities required for competitive differentiation and future success in the rapidly evolving cannabis markets."

– Dr. Shane Morris,
Senior Vice President of Product Development and Regulatory Affairs



Aurora Polaris

Construction of Aurora's center of excellence for the production of premium derivative products is on track for completion in the fall of 2019.

Located directly adjacent to Aurora Sky, Polaris is a 300,000 square foot post-cultivation processing space that will focus on the research and development of higher-margin, value-added edible products. As a key component in the Company's derivative strategy, Polaris has been designed in compliance with EU GMP standards, positioning Aurora to supply innovative products to international markets in the future.

While construction at Polaris nears completion, the Company has also established a number of production operations at other facilities to ensure sufficient supply of product when new form factors become permissible for sale. Aurora is well-positioned to supply the Canadian consumer market with new products and has established dedicated space for the processing and extraction of edible products at its Aurora Sky, Aurora River and Aurora Air facilities.

The Next Wave of Consumer Legalization

This fall, Health Canada will legalize the sale of vapes, concentrates and edibles in the Canadian consumer cannabis market. In preparation for this market expansion, Aurora has developed innovative, high-value consumer products, established strong production operations, and secured valuable partnerships that will position the Company to drive growth and margin expansion.







Vapes, cannabis infused gummies and mints which the Company intends to launch in the consumer market later this year.

"Aurora is the world's leading producer of high-quality cannabis and we're ready to introduce high-value product additions to this improved, federally legal market"

– Terry Booth,
CEO, Aurora

NEW PRODUCT FORMS

With increased opportunities to sell new form factors, Aurora has identified a variety of higher-margin product innovations that the Company will bring to the expanded Canadian consumer market. Leveraging the Company's expertise in product development, Aurora intends to introduce several product forms including vapes, gummies, chocolates, mints, and infused beverages, a number of which be introduced to Canadian consumers later this year.

To support the successful launch of Aurora's new derivative products, the Company has also established production hubs in eastern and western Canada to provide centralized production, packaging, logistics and distribution capabilities. Together the strategically positioned production hubs, located at Aurora Sky in Edmonton, Alberta, Aurora River in Bradford, Ontario and Aurora Vie in Pointe-Claire, Quebec, will efficiently distribute products to markets across the country.


Pursuing the Future of Cannabis Based Medicines
101 Patent Applications Filed to Date
Patent areas include:
EXTRACTION SYSTEMS & METHODS
GENETICS
AGRICULTURAL METHODS
CLINICAL & RECREATIONAL PRODUCTS

Behind Aurora's safe, consistent, high-quality products is an industry-leading science team that is committed to identifying the benefits of cannabis medicines and driving the discovery of effective cannabis treatments for a number of debilitating medical conditions.

This year, the University of Saskatchewan published preliminary findings from an ongoing study which showed that Aurora's CanniMed 1:20 oil was able to limit seizures in young children suffering from severe forms of treatment-resistant epilepsy. Using a specific dosing regimen, CanniMed 1:20 oil[1] reduced seizure frequency by 74% in study participants, three out of the seven participants became seizure free and all participants in the study experienced an improvement in their quality of life.[2] With an ongoing commitment to clinical research, Aurora's science team continues to pursue the development of evidence-based cannabinoid medicines.

RESEARCH AREAS INCLUDE:

- Pharmacokinetics
- Osteoarthritis
- Epilepsy
- Quality of life
- Pain management
- Tourette's syndrome

Building Our Competitive Advantage Through Enhanced Plant Science Research

Aurora is currently constructing a purpose-built cannabis innovation center in Comox, British Columbia that includes a 22,500 ft² greenhouse and an accompanying 10,000 ft² laboratory. The Comox facility will focus on the development of valuable IP, new genetics and specialized cultivation technology to further improve production in Aurora's Sky Class facilities.



Cannabis innovation center located in Comox, British Columbia.

In Saskatoon, Saskatchewan, Aurora has also announced its plans to invest in the development of a new science hub at Aurora Prairie. In addition to the cultivation of CanniMed products, operations at Prairie will focus on identifying new plant genetics to optimize plant growth and breeding high-quality, custom cultivars.

Complimenting operations at Comox and Prairie, Aurora recently obtained two licenses for outdoor cultivation that will be used to conduct research on sustainable, high-quality outdoor production. The outdoor grow sites, located in Quebec and British Colombia, offer two different environments with varying climate conditions, allowing the company to research a number of cultivation techniques and approaches for producing sustainable outdoor cannabis.

1. Study dose was 10-12mg/kg/day
2. View study results at *https://www.frontiersin.org/articles/10.3389/fneur.2019.00716/full*





1. Raising awareness for the Don't Tax Medicine campaign

GRI Empowering Sustainable Decisions

Global Reporting Initiative

Aurora is the first and only cannabis company in the world to join the Global Reporting Initiative (GRI) community, the most widely adopted set of guidelines for sustainability reporting.

Leading the Implementation of Sustainable Business Practices

As one of the first companies in the cannabis industry to align itself with the United Nations Sustainable Development Goals, Aurora has defined a dynamic strategy for Corporate Social Responsibility that is focused on bettering the economies and communities in which the Company operates.



2. Rainwater reservoir currently in use at Aurora Sky.



3. Supporting the Campaign for Cannabis Amnesty.

1

BETTER LIVES

In an effort to ease access to medical cannabis, Aurora is supporting the "Don't Tax Medicine" campaign to bring attention to the costly taxes that patients are required to pay for medical cannabis products. While Aurora works to abolish this government tax collection on medical cannabis, the Company currently absorbs all costs related to excise tax for its patients.

2

BETTER ENVIRONMENT

As a responsible grower, Aurora invests in the design and construction of rainwater collection systems to support sustainable irrigation at its facilities. Currently under construction, the Company's Aurora Sun facility will include a reservoir that will be capable of capturing more than 5 million liters of rainwater per year for purification and use in the facility.

3

BETTER JUSTICE

As a supporter of justice reform, Aurora maintains a strong relationship with the Campaign for Cannabis Amnesty and advocates for the expungement of cannabis related offenses that prevent more than 500,000 Canadians from securing adequate housing and employment.

Management Discussion & Analysis

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Management's Discussion and Analysis of Financial Condition and Results of Operations for the Year Ended June 30, 2019

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Aurora Cannabis Inc. ("Aurora" or the "Company") should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2019 and the accompanying notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A has been prepared as of September 10, 2019 pursuant to the disclosure requirements under National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102") of the Canadian Securities Administrators ("CSA"). Under the U.S./Canada Multijurisdictional Disclosure System, we are permitted to prepare the MD&A in accordance with Canadian disclosure requirements which may differ from U.S. disclosure requirements.

Due to the rapid and ongoing expansion of the Company's business, this MD&A provides additional comparative disclosures related to the fourth quarter ended June 30, 2019 ("Q4 2019") and the third quarter ended March 31, 2019 ("Q3 2019") given that management believes this provides more relevant and current information. The Company has also reclassified certain items, which are not material, on the consolidated statement of comprehensive loss to conform with the current period's presentation and improve comparability.

All dollar amounts are expressed in thousands of Canadian dollars, except for share and per share amounts, and where otherwise indicated.

This MD&A contains forward-looking information within the meaning of Canadian securities laws, and the use of non-GAAP measures. Refer to "Cautionary Statement Regarding Forward-Looking Statements" included within this MD&A.

This MD&A and the Company's annual audited consolidated financial statements, annual information form ("AIF") and press releases have been filed in Canada on SEDAR at www.sedar.com and in the United States on EDGAR at www.sec.gov/edgar. Additional information can also be found on the Company's website atwww.auroramj.com.

Business Overview

Aurora was incorporated under the *Business Corporations Act* (*British Columbia)* on December 21, 2006 as Milk Capital Corp. On September 3, 2010, the Company changed its name to Prescient Mining Corp. Effective October 2, 2014, the Company changed its name to Aurora Cannabis Inc. The Company's shares are listed on the New York Stock Exchange ("NYSE") and the Toronto Stock Exchange ("TSX") under the trading symbol "ACB".

The Company's head office and principal address is Suite 500 – 10355 Jasper Avenue, Edmonton, Alberta, Canada, T5J 1Y6. The Company's registered and records office address is Suite 1500 – 1055 West Georgia Street, Vancouver, BC V6E 4N7.

Aurora is one of the world's largest and fastest growing cannabis companies. The Company has grown both organically and via strategic acquisition with the vision of creating a world-class cultivation platform producing high-quality, consistent cannabis for both global medical and the Canadian consumer use markets. Underpinning this vision, is Aurora's differentiated purpose-built growing facilities, which we believe are the most technologically advanced indoor agricultural growing facilities in the world. These facilities consistently produce high-quality cannabis at scale, with lower risk of crop failure which allows the Company to achieve industry-leading per-unit production costs. We also recognize the need for robust research into the myriad of potential medical uses of cannabis, and as such, have built a leading plant and human science team.

With leadership established in the Canadian market, the Company is rapidly growing its international footprint to address the growing number of countries legalizing medical cannabis use around the world. Aurora has established operations in 25 countries around the globe and expects to increase this international footprint as government legislation permits.

The Company's principal strategic business lines are focused on the production, distribution and sale of cannabis and hemp products in Canada and internationally. Aurora currently views its primary market opportunities as follows:

- **Global Medical Cannabis Market:** Production, distribution and sale of pharmaceutical grade cannabis products in countries around the world where permitted by government legislation. Currently, there are 50 countries around the world which have implemented some form of access to cannabis for medical purposes regimes, and Aurora's current principal markets include Canada, Germany, Denmark, Italy, Poland and Australia;
- **Global Consumer Use Cannabis Market:** Currently, only Canada and Uruguay have implemented regulated consumer use cannabis regimes, and Aurora has established operations in both countries. However, the Company believes that the increasing popularity of medical cannabis regimes globally will eventually lead to increased legalization of adult-use consumer markets. Aurora believes its investment in international infrastructure and leading global market position today uniquely positions the Company to capture these opportunities as legalization evolves globally; and
- **Global Hemp and Hemp-Derived Cannabidiol ("CBD") Market:** The Company expects consumer demand for products including hemp or CBD derived from hemp plants to be an exciting growth opportunity in the coming years. In order to capitalize on this market potential, the Company has begun to establish Aurora Hemp – an integrated business unit to execute the global hemp strategy. Aurora Hemp will address both food-based hemp opportunities as well as hemp-derived CBD market opportunities. At the core of this CBD strategy is a commitment to scientific research to examine the use of CBD-derived from hemp as an effective treatment for pain, inflammation, wound-healing and recovery driven by the Company's partnership with the Ultimate Fighting Championship ("UFC"). The Company believes that the most important near-term market opportunity for hemp and hemp-derived CBD is in the United States ("U.S."). The Company expects to invest in growing its hemp-market infrastructure in the U.S. both organically and via acquisition as markets dictate.

The U.S. represents the largest cannabis and hemp-derived CBD market globally, and as such Aurora is committed to establishing a substantial operating footprint in the U.S. As part of the U.S. market strategy, we are considering the Company's stakeholders and

how various state and federal regulations will affect the Company's business prospects. A number of alternatives to grow our presence in the U.S. market are under evaluation and the Company is committed to only engage in activities which are permissible under both state and federal laws. We believe there are currently market opportunities that are legal at both state and federal levels that can add operating cash flows and be critical pillars of Aurora's strategy and long-term success.

Condensed Statement of Comprehensive (Loss) Income

	Three months ended		Year ended	
($ thousands)	June 30, 2019	March 31, 2019	June 30, 2019	June 30, 2018
Gross revenue	$114,185	$75,238	$281,097	$55,196
Net revenue (1)	$98,942	$65,145	$247,939	$55,196
Gross profit before fair value ("FV") adjustments	$55,092	$36,231	$135,413	$35,593
Gross profit	$67,001	$52,622	$159,815	$43,519
Operating expenses	$111,565	$130,239	$474,059	$139,291
Loss from operations	($44,564)	($77,617)	($314,244)	($95,772)
Other income (expense)	$56,711	($91,504)	($13,987)	$173,099
Net (loss) income	($2,257)	($160,195)	($297,924)	$69,227
Adjusted EBITDA (2)	($11,737)	($36,572)	($155,991)	($54,160)

(1) Net revenue represents our total gross revenue exclusive of excise taxes levied by the Canada Revenue Agency ("CRA") on the sale of medical and consumer cannabis products effective October 17, 2018.
(2) This term is defined in the " *Cautionary Statement Regarding Certain Performance Measures*" section of this MD&A. Refer to the " *Adjusted EBITDA*" section for reconciliation to the IFRS equivalent.

Key Quarterly Financial and Operating Results

($ thousands, except Operational Results)	Q4 2019 (4)	Q3 2019	$ Change	% Change
Financial Results				
Cannabis net revenue (1)(2a)	$94,640	$58,652	$35,988	61 %
Medical cannabis net revenue (1)(2a)	$29,651	$27,001	$2,650	10 %
Consumer cannabis net revenue (1)(2a)	$44,882	$29,577	$15,305	52 %
Wholesale bulk cannabis net revenue (1)(2a)	$20,107	$2,074	$18,033	869 %
Gross margin before FV adjustments on cannabis net revenue (1)(2b)	58%	55%	N/A	3 %
Gross margin before FV adjustments on medical cannabis net revenue (1)(2b)	60%	60%	N/A	0 %
Gross margin before FV adjustments on consumer cannabis net revenue (1)(2b)	55%	50%	N/A	5 %
Gross margin before FV adjustments on wholesale bulk cannabis net revenue (1)(2b)	61%	60%	N/A	1 %
Selling, general and administration expense	$72,869	$67,104	$5,765	9 %
Balance Sheet				
Working capital	$227,802	$469,729	($241,927)	(52)%
Cannabis inventory and biological assets (3)	$144,275	$118,023	$26,252	22 %
Total assets	$5,502,830	$5,549,780	($46,950)	(1)%
Operational Results – Cannabis				
Cash cost to produce per gram sold (1)(2c)	$1.14	$1.42	($0.28)	(20)%
Active registered patients	84,729	77,136	7,593	10 %
Average net selling price of medical cannabis (1)	$8.51	$8.51	$0.00	0 %
Average net selling price of consumer cannabis (1)	$5.14	$5.48	($0.34)	(6)%
Average net selling price of wholesale bulk cannabis (1)	$3.61	$3.52	$0.09	3 %
Kilograms produced	29,034	15,590	13,444	86 %
Kilograms sold	17,793	9,160	8,633	94 %

(1) These terms are defined in the " *Cautionary Statement Regarding Certain Performance Measures*" section of this MD&A
(2) Refer to the following sections for reconciliation of non-GAAP measures to the IFRS equivalent measure:
  a. Refer to the " *Revenue*" section for a reconciliation of cannabis net revenue to the IFRS equivalent.
  b. Refer to the " *Gross Margin*" section for reconciliation to the IFRS equivalent.
  c. Refer to the " *Cash Cost of Sales of Dried Cannabis and Cash Cost to Produce Dried Cannabis Sold – Aurora Produced Cannabis* " section for reconciliation to the IFRS equivalent.
(3) Represents total biological assets and cannabis inventory, exclusive of merchandise, accessories, supplies and consumables.
(4) During the three months ended June 30, 2019, the Company recorded non-material year end corrections to: (i) capitalize certain payroll, share-based compensation and borrowing costs, related to the construction of our production facilities that were incorrectly expensed in prior periods; and (ii) reverse items that had been over-accrued in prior periods. The net impact of these adjustments to Q4 2019 Adjusted EBITDA was a $14.9 million reduction in reported operating expenses.

Financial Highlights

Revenue

Total Cannabis Net Revenue

The Company continued to show strong growth in its consolidated net revenue, which increased to $98.9 million in Q4 2019 as compared to $65.1 million of net revenue in the prior quarter. The 52% quarter-over-quarter growth was driven by a $15.3 million increase in our consumer market cannabis sales and an $18.0 million increase in our wholesale bulk cannabis sales. Revenue growth was predominantly fueled by additional production capacity and available supply from our Aurora Sky, River (Bradford) and Ridge (Markham) facilities.

Total average net selling price of cannabis decreased by $1.08 per gram and gram equivalents over the prior quarter from $6.40 in Q3 2019 to $5.32 in Q4 2019. This decrease is primarily attributable to the increase in sale volumes to our consumer and bulk wholesale markets which yield lower average net selling prices as compared to our medical markets.

Medical Cannabis Net Revenue

During Q4 2019, our Canadian medical cannabis net revenues, which includes the sale of dried cannabis and cannabis extracts, increased to$25.2 million, up by $2.2 million, or 9%, over the prior quarter. Canadian medical cannabis net revenues comprised 25% of our total consolidated Q4 2019 net revenue. The volume of dried cannabis sales experienced a slight decrease, which was offset by higher patient demand for cannabis extracts. Our medical cannabis sales and gross margins continue to be negatively impacted by excise taxes levied on the sale of cannabis products in Canada. Given our patient-first commitment and belief that medical cannabis should not be subject to excise tax, we do not pass the cost of these excise taxes onto our medical cannabis patients. As a result, excise taxes negatively impacted our Canadian medical cannabis net revenue and gross margin by $3.3 million and 5%, respectively ($3.0 million and 4% for the three months ended March 31, 2019). Excluding the impact of excise taxes, Canadian medical cannabis net revenue and gross margin would have been $28.5 million and 61%, respectively for Q4 2019 as compared to $26.0 million and 66%, respectively for Q3 2019.

During Q4 2019, our international medical cannabis sales increased by $0.5 million, or 12%, as compared to the prior quarter. International medical cannabis net revenues comprise 5% of our total consolidated net revenue. While we continue to expand our business into international markets, we have faced supply shortages in Europe. Our ability to allocate more product to international markets in 2019 is increasing significantly as we continue to develop our international infrastructure and distribution channels as more of our facilities become European Union (“EU”) Good Manufacturing Practice (“GMP”) certified.

Consumer Cannabis Net Revenue

Consumer cannabis sales were $44.9 million in Q4 2019, an increase of $15.3 million, or 52%, from the prior quarter and contributed 45% to total consolidated net revenue. The revenue growth was primarily attributable to a $14.4 million, or 52%, increase in dried cannabis sales as well as a $1.0 million, or 45%, increase in cannabis extract sales. Dried cannabis yields a lower average net selling price as compared to extracts. As a result of the significant increase in dried cannabis sales in the consumer market, the average net selling price for total consumer market sales decreased in the period. Despite the $0.34 decrease in the average net selling price over prior quarter, consumer cannabis gross margin before fair value adjustments improved by 4% as a result of the expansion in production and continued realization of economies of scale.

Wholesale Bulk Cannabis Net Revenue

During Q4 2019, the Company generated $20.1 million in bulk wholesale revenue from the sale of 5,574 kilograms of dried cannabis, as compared to $2.1 million and 589 kilograms in the prior quarter. While the $3.61 average net selling price of wholesale bulk cannabis is lower than the average net selling prices achieved from medical and consumer cannabis sales, gross margins are generally higher at approximately 61% due to lower conversion, packaging and shipping costs.

We expect Canadian consumer market sales to continue to contribute lower average net selling prices per gram equivalent of cannabis than those achieved from the Canadian medical and European medical markets. We also expect that demand for our products will increase as the Canadian consumer market evolves and new regulations in Canada and international markets legalize these products. We are focused on ramping up growth and supply to the Canadian and international medical markets and will continue to introduce other higher margin products, such as softgel capsules and pre-rolls, into our product portfolio.

New regulations under the *Cannabis Act* are expected to be in place by the end of calendar 2019 which will also permit the sale of higher value, in-demand products such as vape pens, edibles, and other derivatives.

Given the early stage of development of the consumer market in Canada, we expect that quarter to quarter sales volumes and revenues will be volatile. Factors that are expected to continue to affect the slope and smoothness of Aurora’s revenue ramp-up include, but are not limited to, the pace of provincial licensing of new retail stores and the ability of Aurora and its competitors to meet rapidly evolving consumer preferences for certain product forms and strains.

Production

During Q4 2019, Aurora produced 29,034 kilograms of cannabis as compared to 15,590 kilograms in the prior quarter. The 86.2% increase in production output was primarily due to the production capacity added by its Aurora Sky, River (Bradford), and Ridge (Markham) facilities. During the course of Q4 2019, we increased our annual extraction capacity from 20,400 kilograms to 26,400 kilograms. Subsequent to June 30, 2019, we have further increased our annual internal extraction capacity to 45,600 kilograms. We continue to work with our extraction partner, Radient Technologies Inc. ("Radient") as their high-throughput extraction capabilities come online.

Aurora production facilities are operating at full capacity with no significant issues. The ramp-up of Sky and River during the last half of fiscal 2019 added over 135,000 annual kilograms of production capacity. Our current production capacity is 150,000 kilograms annually with potential to reach up to 625,000 kilograms when all currently contemplated facilities become fully operational. Aurora continues to be the leader in developing purpose-built growing facilities with a focus on producing a consistent supply of high-quality, low-cost product to meet evolving market demands. Our design philosophy allows us to respond to market conditions quickly with shorter lead times, increased harvest cycles and higher plant yields, which allows us to be more flexible in our facilities and reactive to changes in demand.

Cash Cost to Produce

Cash cost to produce per gram of dried cannabis decreased to $1.14 per gram and gram equivalent, down by $0.28 from the previous quarter. The decline in our production cash cost per gram is primarily due to the increase in production volumes and higher plant yields from our higher scale facilities, which has resulted in significant economies of scale on labour, utility, maintenance and other overhead costs. Future production costs are expected to decrease further as Aurora Sky realizes additional economies of scale from technology improvements, operating efficiencies and scientific yield expertise, which will be exploited across all Aurora facilities. Management expects that cash costs to produce a gram of cannabis at a "Sky Class" facility will continue to decline to well below $1.00 per gram.

Gross Margins

Our gross margin on cannabis net revenue increased to 58% in Q4 2019 as compared to 55% in the prior quarter. The increase in gross margin is primarily due to (i) the impact of the continued decline in our production cash cost per gram as described above and (ii) higher gross margins achieved on bulk wholesale sales due to lower or avoided conversion, packaging and shipping costs. The positive impact of these factors is partially offset by lower average net selling prices for consumer cannabis sales, which are subject to a lower wholesale pricing structure through provincial bodies.

Overall, gross margins are expected to continue to improve through the introduction of new higher margin product lines, growth in international markets, and declining production costs per gram as scale efficiencies are fully realized.

Selling, General and Administration ("SG&A")

Aurora continues to invest in infrastructure and talent required for expansion and growth of market share in global medical and consumer cannabis markets. Although much of the infrastructure required to operate effectively in the Canadian market and as a public company is now in place, management still plans to invest further in additional talent as new products, businesses, and partnership opportunities develop.

During Q4 2019, SG&A increased by $5.8 million, or 9%, as compared to prior quarter. The increase was primarily driven by (i) a $5.1 million increase in fulfillment and shipping costs related to the growth in consumer cannabis sales, (ii) continued investment in our sales initiatives, distribution network and partnerships to conduct research, develop products, and drive brand awareness, such as our recent multi-year global partnership with UFC, and (iii) an increase in general operating costs. These cost increases were partially offset by a $6.8 million out-of-period adjustment related to the capitalization of certain payroll and other costs directly related to the construction of our production facilities that were incorrectly expensed in prior periods.

Impairment Charges

During Q4 2019, the Company recognized a net $3.3 million impairment on its equity investments, which consisted of a $18.2 million impairment related to a decline in the quoted share prices of certain of our associates. This impairment charge was offset by a $15.6 million reversal of a previous impairment charge resulting from objective evidence that the investee's fair value had recovered.

Net Income (Loss)

Net income for the three months ended June 30, 2019 was $2.3 million (June 30, 2018 - $79.3 million). Net loss for the year ended June 30, 2019 was $297.9 million (June 30, 2018 - $69.2 million net income). The quarter-over-quarter and year-over-year changes in net income (loss) are due the changes described in previous sections.

Adjusted EBITDA

The Company defines adjusted EBITDA as net income (loss) excluding interest income (expense), accretion, income taxes, depreciation, amortization, changes in fair value of inventory sold, changes in fair value of biological assets, share-based compensation, foreign exchange, changes in fair value of financial instruments, gains and losses on deemed disposal, and non-cash impairment of equity investments, goodwill, and other assets.

Developing a profitable and robust global cannabis company is extremely important to Aurora. The Company continues to track toward positive adjusted EBITDA on a consolidated basis. In Q4 2019, we made progress toward this objective as our adjusted EBITDA loss improved to $11.7 million compared to $36.6 million in the prior quarter. While profitability remains a very important target for Aurora, we expect that the inherent volatility of revenue ramp-up in the developing cannabis industry, and the necessary investment to develop and manufacture new products for the Canadian consumer market, may result in near term challenges to achieving positive adjusted EBITDA. However, the Company expects adjusted EBITDA to continue to improve in the future due to higher sales, further improvements in gross margins through economies of scale, and prudent SG&A growth.

Other

Given the level of volatility in the entire cannabis sector, Aurora's derivative assets and liabilities are subject to non-cash impacts and swings in their fair values. During the three months ended June 30, 2019, Aurora recognized unrealized fair value gain on its derivative financial instruments of $77.1 million as compared to unrealized fair value losses of $68.6 million in the prior quarter.

Key Developments During the Three Month Period Ended June 30, 2019

Acquisitions

a) Acquisition of Chemi Pharmaceutical Inc. ("Chemi")

On April 24, 2019, we acquired all the issued and outstanding common shares of privately-held Chemi, an Ontario-based laboratory specialized in providing high quality analytics services to the pharmaceutical and cannabis industries. The purchase price was a combination of cash and common shares of Aurora. Chemi has a Health Canada Drug Establishment Licence enabling them to perform certified GMP compliant quality controlled analytical testing. In addition, Chemi has a US FDA accreditation for their facility, which is the gold standard for global pharmaceutical testing. Acquiring Chemi with their Drug Establishment Licence provides a critical prerequisite for applying for a Cannabis Drug Licence, which is required for the development of cannabis therapies within the global medical cannabis market.

Strategic Investments and Partnerships

a) Strategic Investment in EnWave Corporation ("EnWave")

On April 26, 2019, the Company completed a $10.0 million equity investment in EnWave Corporation ("Enwave"), a publicly-traded, Vancouver-based company, which has developed a proprietary dehydration technology. Pursuant to the terms of the share purchase agreement dated April 25, 2019, Aurora purchased 5,302,227 common shares in the capital of EnWave at a deemed price of $1.89 per share, based on the volume weighted average trading price ("VWAP") for EnWave's shares on the TSX Venture Exchange (the "TSXV") for the five consecutive trading days up to and including April 22, 2019. As consideration for the EnWave shares, Aurora issued to EnWave 840,576 common shares of Aurora at a deemed price of $11.90 per share, based on the VWAP for Aurora's shares on the TSX for the five consecutive trading days up to and including April 22, 2019. Aurora's ownership interest in EnWave represent approximately 4.91% of the issued and outstanding common shares on a non-diluted basis.

b) Partnership with UFC®

In May 2019, we announced an exclusive, multi-year global partnership with the UFC, the world's premier mixed martial arts ("MMA") organization. Under the terms of the partnership, a joint clinical research program that will produce multiple studies was launched in July 2019. The research will examine the use of hemp-derived CBD as an effective treatment for pain, inflammation, wound-healing, and recovery on MMA athletes. The research partnership is aimed at understanding key health and recovery needs of elite athletes. Research data will then be used to drive the development of safe and reliable science-backed, hemp-derived CBD products, beginning with topicals. These new products will help combat the rapidly growing market of untested CBD treatments currently being used by high-performance and non-professional athletes.

Production and Manufacturing Advancements

a) First Commercial Delivery of Cannabis Derivatives from Radient

In May 2019, we accepted delivery of Radient's first commercial batch of finished cannabis derivatives from Radient's proprietary extraction platform. With this first batch, Radient has proven its ability to produce cannabinoid derivatives at commercial scale and will continue to scale up production at Radient's cannabis facility, reaching an expected eventual annual throughput of approximately 300,000 kilograms of cannabis biomass at a single location. Our relationship with Radient forms an important component of our derivative product strategy, providing a greater return on the biomass allocated for extraction, favourable cost advantages, and significantly increased extraction capacity.

International Expansion

a) German Cannabis Production Tender

In April 2019, the German Federal Institute for Drugs and Medical Devices awarded us the maximum number of lots in a public tender to cultivate and distribute medical cannabis in Germany. We were awarded the maximum five out of the total thirteen lots in the tender over a period of four years with a minimum supply of 4,000 kilograms. The cannabis produced will be sold to the German government and supplied to wholesalers for distribution to pharmacies.

The selection process was based on the submission of a concept for domestic cannabis production, delivery and pricing. Our concept focused on the construction of a highly secure, state-of-the-art, EU GMP compliant indoor cultivation facility with flexibility for future growth. The new facility will be located at the industrial park in Leuna, Saxony Anhalt, near Leipzig. The Leuna industrial park provides all required industrial and logistical infrastructure required for the operation of the facility, with access to a considerable labour market. The facility is designed to have capacity in excess of the tendered amounts to provide flexibility for future growth.

Construction of the new facility began in May 2019 and we anticipate completion within 12 months of ground breaking. Initial shipments of locally grown cannabis are expected to become available to German medical patients beginning in October 2020.

b) Exports of Medical Cannabis to Luxembourg

In May 2019, our wholly owned subsidiary, Aurora Deutschland, was selected by the Luxembourg Health Ministry as the exclusive supplier in a public bid to supply and deliver medical cannabis to Luxembourg. This will be the second delivery, within a six-month period, of our high-grade medical cannabis to Luxembourg's Division de la Pharmacie et des Medicaments.

Financing Activities

a) Shelf Prospectus and At-the-Market ("ATM") Supplement

On April 2, 2019, the Company filed a preliminary short form base shelf prospectus (the "Shelf Prospectus") with the securities regulators in each province of Canada, except for the Province of Quebec, and a corresponding shelf registration statement on Form F-10 (the "Registration Statement") with the United States Securities and Exchange Commission (the "SEC"). The Shelf Prospectus and the Registration Statement were declared effective on May 9, 2019 and May 10, 2019, respectively. The Shelf Prospectus and Registration Statement allows the Company to make offerings of common shares, debt securities, subscription receipts, units, warrants or any combination thereof of up to US$750.0 million during the 25-month period that the Shelf Prospectus is effective. Whenever the Company raises financing under the Shelf Prospectus, the specific terms, including the use of proceeds from any offering, will be set forth in a related prospectus supplement, which will be filed with the applicable Canadian securities regulatory authorities and the SEC. The Company also filed a prospectus supplement for an ATM which provides for the sale of up to US$400 million of common shares by registered dealers on behalf of Aurora through the NYSE stock exchange at prevailing market prices at the time of sale.

Cannabis Act Duty Legislation

The Canadian Government introduced changes to the Cannabis Excise Duty legislation effective May 1, 2019, with changes to the calculation of excise taxes on three new categories of cannabis products: cannabis edibles, cannabis extracts and cannabis topicals. Excise taxes are calculated based on the higher of (i) a flat rate duty based on grams of product sold; and (ii) the ad valorem determined based on the selling price, regardless of the category of the cannabis product. Effective May 1, 2019, edibles, extracts and topicals are subject to excise taxes based on a flat rate of $0.01 per mg of total THC which will be imposed at the time of packaging. There were no changes in the legislation pertaining to the calculation of excise taxes for fresh cannabis, dried cannabis, seeds and plants.

Key Developments Subsequent to June 30, 2019

Acquisition of Remaining Interest in Hempco Food and Fiber Inc. ("Hempco")

On August 19, 2019, we completed the acquisition of the remaining interest in Hempco. We previously held approximately a 51% interest in Hempco and upon completion of the transaction, Hempco become a wholly owned subsidiary and its shares were de-listed from the TSX Venture Exchange. Each Hempco shareholder received $1.04 per Hempco share, paid in common shares of Aurora at a deemed value of $12.01 per share. Aurora issued a total of 2,610,642 shares and reserved for issuance a total of 242,602 of shares issuable in lieu of Hempco shares upon the exercise of certain outstanding Hempco stock options.

Hempco provides Aurora with low-cost, high-volume access to raw hemp material for the extraction of CBD, which has been increasingly recognized for its therapeutic benefits across a wide range of medical indications and wellness applications. The full integration of Hempco into our infrastructure adds further capacity, brands, and distribution channels to capitalize on the global CBD wellness opportunity.

Financing Activities

On September 4, 2019, the Company executed an amendment and upsize of its existing C$200.0 million secured credit facility to C$360.0 million. The amended secured credit facility will consist of an additional C$160 million allocated between the term loans and revolving credit facility. The expanded credit facility matures in August 2021 and will have a first ranking general security interest in the assets of Aurora and the loans can be repaid without penalty at Aurora's discretion. In connection with the amendment, the Company also obtained the right to increase the loan amount by an additional $39.1 million under the same terms of the existing agreement.

Facility Licensing

a) Two Licenced Outdoor Research Sites in Quebec and British Columbia

On July 15, 2019, the Company announced the receipt of Health Canada licences for outdoor cultivation at two Canadian sites. The new sites in Quebec and British Columbia will be used for cultivation research to develop new technology, genetics and intellectual property in order to drive sustainable, high-quality outdoor production. The outdoor sites were purposely chosen because they represent two different growing environments.

The newly-named Western facility will be called Aurora Valley and is a 207-acre operation in Westwold, British Columbia. The Eastern facility, a 21,000 square foot operation at the Aurora Eau facility in Lachute, is the first approved outdoor grow operation for cannabis in Quebec.

b) Processing Licence for Aurora Air Facility

On July 15, 2019, the Company announced that it had received a Health Canada processing licence for its Aurora Air facility located near the Edmonton International Airport and Aurora Sky. Aurora Air will house the new production lines for edible products such as gummies and chocolates, which are scheduled for launch into the Canadian consumer market in December 2019.

International Expansion

a) Two-Year Supply Contract with Italy

On July 18, 2019, the Company announced that it was selected as the sole winner of the Italian government's public tender to supply medical cannabis in Italy, with the supply contract expected to be signed in September 2019. We will supply a minimum of 400 kilograms of medical cannabis over the two-year contract with the cannabis being exported from our Canadian EU GMP certified facilities and imported to Italy through Aurora Deutschland, our wholly owned European subsidiary. The cannabis will be sold to an agency of the Italian Ministry of Defense for distribution to local pharmacies.

Financial Review

Revenue

The Company primarily operates in the cannabis market. Effective October 17, 2018, the *Cannabis Act* took effect in Canada and Aurora began selling cannabis to the consumer market across Canada. Aurora also derives revenues from auxiliary support functions, which include patient counseling services; design, engineering and construction services; and cannabis analytical product testing services. The table below outlines the reconciliation from the Company's total net revenue to its cannabis net revenue metric for the three and twelve months ended June 30, 2019 and their comparative periods.

	Three months ended		Year ended		
($ thousands)	June 30, 2019	March 31, 2019	June 30, 2019	June 30, 2018	June 30, 2017
Net revenue	98,942	65,145	247,939	55,196	18,067
Design, engineering and construction services	—	(914)	(2,403)	(4,218)	—
Patient counseling services	(606)	(809)	(4,214)	(3,933)	(2,145)
Analytical testing services	(317)	(1,238)	(2,976)	—	—
Other cannabis segment revenues (accessories, hemp, other)	(2,760)	(962)	(10,370)	(1,865)	—
Horizontally integrated business revenues	(619)	(2,570)	(2,511)	(2,424)	—
Cannabis net revenue	**94,640**	**58,652**	**225,465**	**42,756**	**15,922**

For the three months ended June 30, 2019, cannabis net revenue increased by $36.0 million, or 61%, compared to the prior quarter. The increase was primarily due to increases in wholesale bulk cannabis and consumer market net revenues of $18.0 million and $15.3 million, respectively, in the period. Medical cannabis net revenue continued to grow with an increase of $2.7 million compared to the prior quarter.

For the year ended June 30, 2019, cannabis net revenue increased by $182.7 million, or 427%, compared to the prior year. The increase is primarily attributable to (i) $96.6 million of consumer cannabis net revenue, which was not present in the prior comparative period, and (ii) the inclusion of medical cannabis revenues generated by MedReleaf and CanniMed, which were acquired on July 25, 2018

and March 15, 2018, respectively, and contributed combined cannabis net revenue of $61.7 million and $20.2 million to the twelve month period ended June 30, 2019.

The table below outlines the breakdown of cannabis net revenue between our medical, consumer and wholesale bulk markets, as well as our dried cannabis and cannabis extracts for the three and twelve months ended June 30, 2019 and their comparative periods.

	Three months ended		Year ended		
($ thousands)	June 30, 2019	March 31, 2019	June 30, 2019	June 30, 2018	June 30, 2017
Medical cannabis net revenue					
Canada dried cannabis	14,438	14,501	58,101	24,231	14,679
EU dried cannabis	4,481	4,004	14,141	8,690	439
Canada cannabis extracts (1)	10,732	8,496	34,447	9,835	804
Total medical cannabis net revenue	**29,651**	**27,001**	**106,689**	**42,756**	**15,922**
Consumer cannabis net revenue					
Dried cannabis	41,813	27,461	88,603	—	—
Cannabis extracts (1)	3,069	2,116	7,992	—	—
Total consumer cannabis net revenue	**44,882**	**29,577**	**96,595**	**—**	**—**
Wholesale bulk cannabis net revenue	20,107	2,074	22,181	—	—
Total cannabis net revenue	**94,640**	**58,652**	**225,465**	**42,756**	**15,922**

(1) Cannabis extracts revenue includes cannabis oils, capsules, softgels, sprays and topical revenue.

Medical Cannabis Net Revenue

During the three months ended June 30, 2019, the Company's medical cannabis net revenues increased $2.7 million, or 10%, compared to the prior quarter. The increase in medical cannabis net revenue for the current quarter was primarily due to the following:

- Canadian dried cannabis sales decreased slightly by $0.1 million over the prior period. The slight decrease of 44.1 kilograms sold was offset by a $0.12 increase in the average net selling price due to reduced discounts offered during Q4 2019.
- Cannabis extract sales increased by $2.2 million over the prior period. An increase in volume sold was partially offset by a decrease in the average net selling price of $1.15 over the prior period resulting from changes in the percentage of lower price products sold. Cannabis extracts include cannabis oils, capsules, softgels, sprays and topical creams all of which vary in average net selling price.
- European dried cannabis sales increased $0.5 million or 50 kilograms over the prior quarter.
- The Company had approximately 84,729 patients at June 30, 2019, representing an increase of 7,593 patients from March 31, 2019, which continues to contribute to the increase in Canadian medical cannabis sales.

For the year ended June 30, 2019, medical cannabis net revenue increased by $63.9 million, or 149.5%, as compared to the prior year. The increase was primarily due to the addition of revenue from the MedReleaf and CanniMed acquisitions, increased European sales, as well as a ramp up in production in our Aurora Sky and MedReleaf facilities to meet patient demand.

Consumer Cannabis Net Revenue

During the three months ended June 30, 2019, the Company continued to expand consumer cannabis net revenue with an increase of $15.3 million, or 52% compared to the prior quarter. The increase in consumer cannabis net revenue during Q4 2019 was primarily due to an increase in dried cannabis sales by $14.4 million, or 3,276 kilograms, sold over the prior period. The increase in volume sold was partially offset by a decrease in the average net selling price of $0.35 resulting from changes in the percentage of lower priced products sold.

For the year ended June 30, 2019, consumer cannabis net revenue increased by $96.6 million compared to the prior year as the *Cannabis Act* took effect in Canada on October 17, 2018 and Aurora began selling cannabis to the consumer market across Canada.

Wholesale Bulk Cannabis Net Revenue

During the three months ended June 30, 2019, the Company opportunistically increased its wholesale bulk sales. Wholesale bulk cannabis net revenue increased by $18.0 million, or 4,985 kilograms, as compared to the prior quarter. We continue to explore and capitalize on wholesale bulk sales opportunities. Although the average net selling price of $3.61 is generally lower than the average net selling prices of our medical and consumer sales, the gross margins on wholesale bulk cannabis sales are generally higher than margins on consumer cannabis due to lower or avoided conversion, packaging and shipping costs. See further discussion in the "Gross Margin" section of this MD&A.

Gross Margin

The table below outlines gross profit and margin before fair value adjustments for the three months ended June 30, 2019 and March 31, 2019.

($ thousands)	Medical			Consumer			Wholesale Bulk	Auxiliary Support Functions	Total
	Dried Cannabis	Cannabis Extracts [2]	Total	Dried Cannabis	Cannabis Extracts [2]	Total			
Three months ended June 30, 2019									
Gross revenue	21,649	11,336	32,985	53,340	3,451	56,791	20,107	4,302	114,185
Excise taxes	(2,730)	(604)	(3,334)	(11,527)	(382)	(11,909)	—	—	(15,243)
Net revenue	18,919	10,732	29,651	41,813	3,069	44,882	20,107	4,302	98,942
Cost of goods sold	(6,449)	(5,502)	(11,951)	(19,018)	(1,353)	(20,371)	(7,798)	(3,730)	(43,850)
Gross profit before FV adjustments [1]	**12,470**	**5,230**	**17,700**	**22,795**	**1,716**	**24,511**	**12,309**	**572**	**55,092**
Gross margin before FV adjustments [1]	**66%**	**49%**	**60%**	**55%**	**56%**	**55%**	**61%**	**13%**	**56%**
Three months ended March 31, 2019									
Gross revenue	21,033	8,929	29,962	34,385	2,324	36,709	2,074	6,493	75,238
Excise taxes	(2,528)	(433)	(2,961)	(6,924)	(208)	(7,132)	—	—	(10,093)
Net revenue	18,505	8,496	27,001	27,461	2,116	29,577	2,074	6,493	65,145
Cost of goods sold	(7,652)	(3,053)	(10,705)	(14,019)	(686)	(14,705)	(839)	(2,665)	(28,914)
Gross profit before FV adjustments [1]	**10,853**	**5,443**	**16,296**	**13,442**	**1,430**	**14,872**	**1,235**	**3,828**	**36,231**
Gross margin before FV adjustments [1]	**59%**	**64%**	**60%**	**49%**	**68%**	**50%**	**60%**	**59%**	**56%**

(1) Gross profit and gross margin before fair value adjustments are both non-GAAP measures. Refer to *"Cautionary Statement Regarding Certain Performance Measures"* section of this MD&A for the defined terms.
(2) Cannabis extracts revenue includes cannabis oils, capsules, softgels and topical revenue.

Medical Cannabis Gross Margin

Gross margin, excluding the impact of fair value changes, on medical cannabis sales remained steady at 60% in Q4 2019 as compared to Q3 2019, as a result of:

(i) Economies of scale realized with the ramp-up of Aurora Sky, reducing the cash cost to produce per gram of dried cannabis. During the fourth quarter, we realized production efficiencies and reduced our packaging costs per gram through selling higher volumes of multi-gram units as compared to the previous quarter.

(ii) The increased margins realized on dried cannabis products was offset by a decrease in cannabis extract margins as compared to the prior quarter. The decrease was primarily driven by the $1.15 decline in the average net selling price of extracts over the prior period resulting from changes in the percentage of lower price products sold. Cannabis extracts include cannabis oils, capsules, softgels, sprays and topical creams all of which vary in average net selling price. Cost of goods sold also increased as a result of inefficiencies in extraction. The Company expects extract margins to improve as we build further internal extraction capacity and continue to work with our extraction partner, Radient, as their high-throughput extraction capabilities come online.

Consumer Cannabis Gross Margin

Gross margin on consumer cannabis sales, excluding the impact of fair value changes, during Q4 2019 was 55% compared to 50% during Q3 2019. The increase is predominantly driven by economies of scale and a lower cash cost to produce per gram of dried cannabis sold, which account for 92% of our total consumer net revenue and was offset by a decrease in average net selling price of $0.35 compared to the prior quarter. The decrease in consumer extract gross margin was due to inefficiencies in extraction which the Company expects to improve as we build further internal extraction capacity and as we continue to work with Radient.

Wholesale Bulk Gross Margin

Gross margin on wholesale bulk sales increased to 61% during Q4 2019 as compared to 60% in the prior quarter. The increase is primarily attributable to an $0.08 increase in the average net selling price over the prior quarter.

The table below outlines gross profit and margin before fair value adjustments for the years ended June 30, 2019 and June 30, 2018.

($ thousands)	Medical			Consumer			Wholesale Bulk	Auxiliary Support Functions	Total
	Dried Cannabis	Cannabis Extracts [2]	Total	Dried Cannabis	Cannabis Extracts [2]	Total			
Year ended June 30, 2019									
Gross revenue	79,535	36,355	115,890	111,335	9,217	120,552	22,181	22,474	281,097
Excise taxes	(7,293)	(1,908)	(9,201)	(22,732)	(1,225)	(23,957)	—	—	(33,158)
Net revenue	72,242	34,447	106,689	88,603	7,992	96,595	22,181	22,474	247,939
Cost of goods sold	(31,197)	(13,896)	(45,093)	(43,183)	(3,427)	(46,610)	(8,637)	(12,186)	(112,526)
Gross profit before FV adjustments [1]	**41,045**	**20,551**	**61,596**	**45,420**	**4,565**	**49,985**	**13,544**	**10,288**	**135,413**
Gross margin before FV adjustments [1]	**57%**	**60%**	**58%**	**51%**	**57%**	**52%**	**61%**	**46%**	**55%**
Year ended June 30, 2018									
Gross and net revenue	33,146	9,835	42,981	—	—	—	—	12,215	55,196
Cost of goods sold	(11,759)	(3,374)	(15,133)	—	—	—	—	(4,470)	(19,603)
Gross profit before FV adjustments [1]	**21,387**	**6,461**	**27,848**	**—**	**—**	**—**	**—**	**7,745**	**35,593**
Gross margin before FV adjustments [1]	**65%**	**66%**	**65%**	**—%**	**—%**	**—%**	**—%**	**63%**	**64%**

(1) Gross profit and gross margin before fair value adjustments are both non-GAAP measures. Refer to *"Cautionary Statement Regarding Certain Performance Measures"* section of this MD&A for the defined terms.
(2) Cannabis extracts revenue includes cannabis oils, capsules, softgels and topical revenue.

Gross margin on medical cannabis, excluding the impact of fair value changes, for the year ended June 30, 2019 was 58% compared to 65% for the prior year. The decline in our medical cannabis gross margin was a result of (i) higher production and packaging costs incurred to comply with the stringent regulatory requirements of the *Cannabis Act* which came into effect on October 17, 2018, and (ii) the negative impact of excise taxes on medicinal sales, the cost of which was not passed on to patients. Of the $33.2 million excise taxes incurred during the year ended June 30, 2019, $9.2 million relates to excise taxes levied on cannabis products sold to medical patients in Canada. As such, these excise taxes on medical sales directly impacted our bottom line and decreased our gross margin by 3%.

The Company expects that cannabis production costs will continue to decline and improve as efficiencies from automation, scale and yield expertise are realized across all Aurora facilities.

Cash Cost of Sales of Dried Cannabis and Cash Cost to Produce Dried Cannabis Sold – Aurora Produced Cannabis

($ thousands)	Three months ended		Year ended	
	June 30, 2019	March 31, 2019	June 30, 2019	June 30, 2018
Total consolidated cost of sales	43,850	28,914	112,526	19,603
Adjustments:				
Non-cannabis segment and non-cannabis cost of sales [1]	(4,370)	(2,804)	(13,150)	(5,655)
Cash cost of sales for cannabis extracts	(6,262)	(3,466)	(15,819)	(3,064)
Cost of cannabis purchased from other licensed producers	(676)	(1,750)	(5,075)	(1,423)
Depreciation	(6,416)	(4,619)	(12,249)	(922)
Cost of accessories [2]	(84)	—	(907)	(1,325)
Cash cost of sales of dried cannabis sold [3]	26,042	16,275	65,326	7,214
Packaging costs	(5,752)	(4,968)	(15,460)	(1,064)
Cash cost to produce dried cannabis sold [3]	20,290	11,307	49,866	6,150
Kilogram equivalents of cannabis sold produced by Aurora [4]	17,728	7,935	33,361	3,853
Cash cost of sales per gram of dried cannabis sold [3]	**$1.47**	**$2.05**	**$1.96**	**$1.87**
Cash cost to produce per gram of dried cannabis sold [3]	**$1.14**	**$1.42**	**$1.49**	**$1.60**

(1) Non-cannabis segment cost of sales consists of cost of sales from the production and sale of indoor cultivators. Non-cannabis cost of sales consists of cost of sales from patient counseling services, hemp products, design, engineering and construction services, and analytical product testing. These were removed from consolidated cost of sales to determine cash costs solely related to the sales of dried cannabis.
(2) Cost of accessories includes cost of sales from vaporizers, grinders, and capsule fillers.
(3) Cash cost of sales per gram of dried cannabis sold and cash cost to produce per gram of dried cannabis sold are non-GAAP financial measures and are not a recognized, defined, or standardized measurement under IFRS. These respective metrics represents the blended and consolidated

cash costs for dried cannabis produced and sold by our Aurora and CanniMed operations during the year ended June 30, 2018. However, due to the acquisitions completed and growth achieved in fiscal 2019, the metrics for the periods ended June 30, 2019 and March 31, 2019, reflect the blended and consolidated cash costs of dried cannabis produced and sold by our Aurora, CanniMed, MedReleaf, ICC and Whistler operations. Refer to *"Cautionary Statement Regarding Certain Performance Measures"* section of this MD&A for the defined terms.

(4) Kilograms of dried cannabis sold includes dried kilograms sold by our Aurora, CanniMed, MedReleaf, ICC and Whistler operations, but excludes the dried kilograms sold that were purchased from other Licensed Producers.

Cash cost to produce per gram of dried cannabis sold decreased by $0.28, or 20%, during Q4 2019 as compared to Q3 2019. This is primarily attributable to the positive impact of greater economies of scale and manufacturing efficiencies achieved as a result of the 86.2%, increase in production in the period. During Q4 2019, the Company produced 29,034 kilograms of dried cannabis as compared to 15,590 kilograms in Q3 2019.

Cash cost of sales per gram of dried cannabis sold decreased by $0.58, or 28%, during Q4 2019 as compared to Q3 2019. The decrease is primarily attributable to (i) greater economies of scale achieved from increased sales of multi-gram dried cannabis products, which consume less packaging materials but the same amount of conversion costs as compared to the same products packaged in smaller quantities; and (ii) a decrease in the amount of conversion, packaging and shipping costs consumed by wholesale bulk sales. The Company achieved a 123% increase in the volume of dried cannabis sold, that was produced by Aurora and its subsidiaries during the period, from 7,935 kilograms in Q3 2019 to 17,728 kilograms in Q4 2019.

Cash cost of sales per gram of dried cannabis sold for the year ended June 30, 2019 increased by $0.09 per gram from the prior year due to (i) higher inventory management, infrastructure and distribution costs incurred to meet demand with the legalization of the consumer market in Canada, and (ii) increased packaging costs resulting from new, excise tax stamping, packaging and regulatory requirements mandated under the *Cannabis Act*. Cash cost of sales to produce per gram of dried cannabis sold decreased by $0.10 per gram due to the integration of Aurora's yield expertise at newly acquired production facilities and the realization of economies of scale with the ramp up of Aurora Sky, which were partially offset by higher labor and logistics costs incurred in preparation for the legalization of the consumer market.

The Company expects future production costs per gram will continue to improve once the Company's "Sky Class" facilities are fully optimized and the greater efficiencies from automation, scale and yield expertise are realized across all Aurora facilities.

Grams of Dried Cannabis and Grams Equivalent of Extracts Produced

Grams of dried cannabis produced refers to the grams of dried cannabis harvested from plants in the period. The Company calculates grams produced based on the final recorded weight of dried harvested buds that have completed the drying stage net of any weight loss during the drying process for the period.

Grams equivalent of cannabis extracts produced represents the equivalent number of dried grams used to produce the cannabis extract product. Dried cannabis is first extracted into a bulk concentrate, which is then diluted into cannabis oil, or further processed into a cannabis capsule product. The "grams equivalent" measure is used to disclose the volume in grams, of extracts sold and/or produced in the period as opposed to milliliters, or number of capsules, as the case may be. The actual grams used in the production of cannabis oils and cannabis capsules can vary depending on the strain of dried cannabis used, which can yield different potencies and strengths. The Company estimates and converts its cannabis extract inventory to equivalent grams based on the tetrahydrocannabinol ("THC") and CBD content in the cannabis extract product. On average, for the three months ended June 30, 2019, March 31, 2019, and June 30, 2018, one bottle of cannabis oil was equivalent to 8.8, 8.6 and 8.1 gram equivalents of dried cannabis, respectively. On average, for the three months ended June 30, 2019, March 31, 2019, and June 30, 2018, one bottle of cannabis capsules was equivalent to 4.7, 3.0 and 4.8 gram equivalents of dried cannabis, respectively.

Operating Expenses

($ thousands)	Three Months June 30, 2019	Three Months March 31, 2019	Year Ended June 30, 2019	Year Ended June 30, 2018
General and administration	42,015	50,786	172,365	42,965
Sales and marketing	30,854	16,318	99,289	29,445
Research and development	6,025	3,516	14,778	1,679
Depreciation and amortization	10,804	18,182	63,371	12,088
Share-based compensation	27,505	39,254	107,039	37,450

General and administration ("G&A")

The $8.8 million decrease in G&A expense during the three months ended June 30, 2019 as compared to the three months ended March 31, 2019 was primarily due a $10.6 million out-of-period adjustment to (i) capitalize certain payroll and other costs directly related to the construction of our production facilities that had been incorrectly expensed in prior periods and (ii) reverse items which were over accrued in prior periods.

The increase in G&A expense for the year ended June 30, 2019, compared to the prior year, is primarily attributable to an increase in salaries, wages and benefit costs associated with the increase in headcount from organic growth as well as acquisitions. Other increases include higher regulatory and public company fees related to our listing on the NYSE, increased professional and consulting fees related to general corporate matters, and corporate office charges related to the expansion of domestic and international

operations and business functions. Of the total $129.4 million increase in G&A expenses, $35.3 million was attributable to subsidiaries acquired during the year.

Sales and marketing ("S&M")

S&M costs increased by $14.5 million during the three months ended June 30, 2019, as compared to the previous quarter. The increase was primarily driven by (i) a $5.1 million increase in fulfillment and shipping costs related to the growth in consumer cannabis sales and (ii) our continued investment in our sales initiatives, distribution network and partnerships to conduct research, develop products, and drive brand awareness, such as our recent multi-year global partnership with UFC.

For the year ended June 30, 2019, sales and marketing increased by $69.8 million compared to the prior year. The increase was primarily related to an increase in headcount to support the expansion of our sales distribution network, including logistics costs, the growth of our medical sales channel, preparation activities for the legalization of the consumer cannabis market and growth of our consumer cannabis sales. Of the $69.8 million increase in sales and marketing, $27.4 million was attributable to subsidiaries acquired during the year.

Research and development ("R&D")

The increase of $2.5 million and $13.1 million in R&D expenses for the three and twelve months ended June 30, 2019 as compared to the same prior comparative quarters was related to product development of vaporizers, edibles and encapsulation of cannabis oils. In addition, the Company continues to focus on R&D activities to support cultivation efficiencies and on clinical studies focused on management of pain, epilepsy, post-traumatic stress disorder, anxiety, opioid sparing, cancer, and neurodegeneration. The increase for the year ended June 30, 2019 was also attributable to the acquisition of Anandia Laboratories Inc. ("Anandia") for analytical product testing which contributed $2.3 million during the year.

Depreciation and amortization

Depreciation and amortization expense decreased by $7.4 million for the three months ended June 30, 2019 as compared to the prior quarter. The change was primarily due to a $32.1 million decrease to MedReleaf's preliminary estimated fair value of intangible assets that was assigned under the purchase price allocation. Additionally, during Q4 2019, the Company revised its estimate of the useful lives for certain property, plant and equipment and intangibles that are associated with its production facilities, thus resulting in a $0.5 million decrease in depreciation and amortization expense. The change in the useful lives were applied prospectively and did not impact previous quarters.

Depreciation and amortization expense increased by $51.3 million for the year ended June 30, 2019 compared to the prior year. The increase was primarily due to the acquisition of capital and intangible assets through business combinations completed throughout the year, as well as the commissioning of Aurora Sky.

Share-based compensation

For the three months ended June 30, 2019, share-based compensation expense decreased by $11.7 million from the prior quarter. The decrease was due to (i) a $1.6 million adjustment to capitalize certain construction related share-based compensation costs to property, plant and equipment, and (ii) fewer stock options granted during Q4 2019, as compared to Q3 2019 when 19,961,754 stock options were granted 280 Park ACI Holdings, LLC ("280 Park"), a company lead by the strategic advisor, Nelson Peltz. Furthermore, the grant date fair value of stock options has decreased over the prior quarter, which is primarily attributable to the Company's lower stock price.

For the year ended June 30, 2019, share-based compensation increased by $69.6 million compared to the prior year primarily due to stock options issued to attract and grow the Company's workforce, post-combination contingent consideration share-based payments relating to business combinations completed in current and prior years, and the grant of stock options to 280 Park.

Other (expense) income

Other income was $56.7 million during the three months ended June 30, 2019 and was primarily attributable to $93.4 million of non-cash unrealized gain on the derivative liability related to the US dollar denominated convertible debenture, offset by $16.2 million unrealized loss on derivative investments, $5.8 million share of loss from investment in associates and a $3.3 million net impairment charge recognized on our equity investments.

Other expense was $14.0 million during the twelve months ended June 30, 2019 and was primarily attributable to a $144.4 million non-cash gain related to the deemed disposal of the Company's significant influence investment in The Green Organic Dutchman Holdings Ltd., which was offset by a $73.3 million impairment of our equity investments, $41.0 million of finance and other costs relating to convertible debentures and loans and borrowings, $9.6 million share of loss from investment in associates, $9.0 million impairment charge on certain intangible assets and goodwill, and $24.4 million of unrealized non-cash losses on derivative financial instruments.

Other income was $173.1 million during the twelve months ended June 30, 2018 and was primarily attributable to $173.4 million gain on derivative investments, $20.1 million gain on marketable securities, offset by $11.8 million finance and other costs relating to convertible debentures, and $7.8 million loss on changes in fair value of contingent consideration.

Refer to Notes 5(b), 6 and 13 of the Financial Statements for the year ended June 30, 2019 for a summary of the Company's derivative investments, significant influence investments and convertible debentures.

Adjusted EBITDA

The following is the Company's adjusted EBITDA:

	Three months ended		Year ended		
($ thousands)	**June 30, 2019 (2)**	**March 31, 2019**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Net income(loss)	(2,257)	(160,195)	(297,924)	69,227	(12,968)
Finance costs	8,297	13,993	41,025	11,762	6,582
Interest income	(875)	(1,926)	(3,679)	(2,515)	(861)
Income tax recovery	14,404	(8,926)	(30,307)	8,100	(4,296)
Depreciation and amortization	17,220	18,182	75,616	12,088	716
EBITDA	**36,789**	**(138,872)**	**(215,269)**	**98,662**	**(10,827)**
Changes in fair value of inventory sold	23,161	17,407	72,129	17,624	16,908
Unrealized gain on changes in fair value of biological assets	(35,070)	(33,798)	(96,531)	(25,550)	(22,772)
Share-based compensation	27,505	39,254	107,039	37,450	7,584
Foreign exchange	3,861	45	3,814	1,038	215
Share of loss from investment in associates	5,794	770	9,573	2,242	—
Gain on loss of control of subsidiary	(14)	—	(412)	—	—
Fair value changes in contingent consideration	(55)	1,253	3,263	7,844	—
Fair value changes on derivative investments	16,220	(32,948)	16,199	(173,387)	1,470
Fair value changes on derivative liabilities	(93,354)	101,521	8,167	—	(1,334)
Fair value changes on marketable securities	—	—	—	(20,083)	—
Gain on debt modification	94	(206)	(1,886)	—	—
Gain on deemed disposal of significant influence investment	—	—	(144,368)	—	—
Impairment of investment in associates	3,332	—	73,289	—	—
Impairment of goodwill and intangibles	—	9,002	9,002	—	—
Adjusted EBITDA(1)	**(11,737)**	**(36,572)**	**(155,991)**	**(54,160)**	**(8,756)**

(1) Adjusted EBITDA is a non-GAAP financial measure and is not a recognized, defined, or standardized measure under IFRS. Refer to *"Cautionary Statement Regarding Certain Performance Measures"* section of the MD&A.

(2) During the three months ended June 30, 2019, the Company recorded non-material year end corrections to: (i) capitalize certain payroll, share-based compensation and borrowing costs, related to the construction of our production facilities that were incorrectly expensed in prior periods; and (ii) reverse items that had been over-accrued in prior periods. The net impact of these adjustments to Q4 2019 Adjusted EBITDA was a $14.9 million reduction in reported operating expenses.

Adjusted EBITDA increased by $24.8 million, or 68%, for the three months ended June 30, 2019 as compared to the prior quarter. The increase was primarily attributable to a $25.3 million increase in gross profit before fair value adjustments excluding the impact of depreciation allocated to cost of sales, offset by a$5.8 million increase in SG&A expenses.

Adjusted EBITDA decreased by $101.8 million, or 188.0%, for the year ended June 30, 2019 compared to 2018. The decrease was primarily attributable to a$112.1 million increase in gross profit before fair value adjustments excluding the impact of depreciation allocated to cost of sales, offset by a $199.2 million increase in SG&A, a $1.6 million increase in acquisition costs, and a $13.1 million increase in R&D expenses.

Liquidity and Capital Resources

($ thousands)	June 30, 2019	June 30, 2018	June 30, 2017
	$	$	$
Cash and cash equivalents	172,727	76,785	159,715
Restricted cash	46,066	13,398	—
Marketable securities	143,248	59,188	14,845
Working capital	227,802	144,533	170,142
Total assets	5,502,830	1,886,510	322,679
Total non-current liabilities	676,418	258,419	80,282
Capitalization			
Convertible notes	503,581	191,528	63,536
Loans and borrowings	141,244	11,683	351
Total debt	644,825	203,211	63,887
Total equity	4,390,047	1,552,926	218,933
Total capitalization	5,034,872	1,756,137	282,820

As at June 30, 2019, the Company had cash and cash equivalents and restricted cash available of$218.8 million compared to $90.2 million as at June 30, 2018. During the year ended June 30, 2019, the Company primarily financed its current operations, capital construction projects and growth initiatives through the generation of$247.9 million of net revenue and debt financing. For more information on key cash flows related to operations, investing and financing activities during the quarter, refer to the "Cash Flow Highlights" discussion below.

The Company's objective when managing its liquidity and capital resources is to maintain sufficient liquidity to support financial obligations when they come due, while executing operating and strategic plans. The Company manages liquidity risk by monitoring its operating requirements and preparing budgets and cash flow forecast to identify cash flow needs for general corporate and working capital purposes, as well as for expansion initiatives.

On August 29, 2018, the Company entered into a secured credit agreement (the "Credit Agreement") with the Bank of Montreal ("BMO"), under which the Company has a $50.0 million revolving credit facility ("Facility A") and a $150.0 million non-revolving facility ("Facility B") (together, "the BMO Credit Facility"). As at June 30, 2019, the Company has a $1.6 million letter of credit outstanding under Facility A and $150 million available under Facility B of which $146.2 million drawn at June 30, 2019. The Credit Facility, as amended on June 28, 2019, requires the Company to have a minimum cash ratio of not less than 1.25:1, and a total funded debt to adjusted shareholders' equity ratio not to exceed 0.25:1 prior to September 30, 2020. Effective September 30, 2020, the Company must have a minimum fixed charge ratio of not less than 1.25:1, and a total funded debt to EBITDA ratio not to exceed 4.00:1. As of June 30, 2019, the Company was in compliance with all covenants under the Credit Facility and term loans. For more information about the Credit Facility, refer to Note 14 of the Consolidated Financial Statements for the year ended June 30, 2019. In August 2019, the Company secured commitments to amend and up-size the Credit Facility to a total of $360.0 million, subject to certain conditions.

On January 24, 2019, the Company issued US$345.0 million in aggregate principal amount of convertible senior notes due 2024 ("Senior Notes"), which included a US$45.0 million over-allotment by the initial purchasers. The net proceeds from this offering were approximately US$334.0 million after deducting commissions and other accounting and legal fees. The Senior Notes were issued at par value, are unsecured, mature on February 28, 2024 and bear cash interest semi-annually at a rate of 5.5% per annum. The initial conversion rate for the Senior Notes is 138.37 common shares per US$1,000 principal amount of Senior Notes, equivalent to an initial conversion price of approximately US$7.23 per common share. For more information on these Senior Notes, refer to Note 13(v) of the Consolidated Financial Statements for the year ended June 30, 2019.

On April 2, 2019, the Company filed a Shelf Prospectus with the securities regulators in each province of Canada, except for the Province of Quebec, and a corresponding shelf registration statement on Form F-10 (the "Registration Statement") with the United States Securities and Exchange Commission (the "SEC"). The Shelf Prospectus and the Registration Statement was declared effective on May 9, 2019 and May 10, 2019, respectively. The Shelf Prospectus and Registration Statement allows the Company to make offerings of common shares, debt securities, subscription receipts, units, warrants or any combination thereof of up to US$750.0 million during the 25-month period that the Shelf Prospectus is effective. Whenever the Company raises financing under the Shelf Prospectus, the specific terms, including the use of proceeds from any offering, will be set forth in a related prospectus supplement, which will be filed with the applicable Canadian securities regulatory authorities and the SEC. The Company also filed a prospectus supplement for an ATM which provides for the sale of up to US$400 million of common shares by registered dealers on behalf of Aurora through the NYSE stock exchange at prevailing market prices at the time of sale.

We intend to use the net proceeds from these offerings to support our expansion initiatives, future acquisitions, general corporate purposes and working capital requirements.

Total assets increased by $3.6 billion from the prior year mostly due to $2.9 billion in intangible assets and goodwill generated from acquisitions completed in the period. As at the date of this report, the fair value of shares held in marketable securities and investments in associates was $163.2 million and the intrinsic value of derivative investments was $40.6 million.

As at June 30, 2019, total capitalization increased by $3.3 billion compared to June 30, 2018. The increase was primarily due to a $2.8 billion increase in equity resulting mostly from the issuance of shares in connection with acquisitions. In addition, total debt increased by $441.6 million primarily due to funds drawn under the BMO Credit Facility and proceeds raised from the Senior Notes.

Cash Flow Highlights

The table below summarizes the Company's cash flows for the three months ended June 30, 2019 and March 31, 2019 and the years ended June 30, 2019 and June 30, 2018:

	Three months ended		Year ended	
($ thousands)	June 30, 2019	March 31, 2019	June 30, 2019	June 30, 2018
	$	$	$	$
Cash from (used in) operating activities	(4,605)	(54,688)	(192,245)	(81,667)
Cash used in investing activities	(176,236)	(91,028)	(312,297)	(536,850)
Cash provided by financing activities	(30,116)	448,232	597,548	535,151
Effect of foreign exchange	5,873	(498)	2,936	355
Increase (decrease) in cash and cash equivalents	(205,084)	302,018	95,942	(83,011)

Cash flows from operating activities for the three months ended June 30, 2019 decreased by $50.1 million, compared to the three months ended March 31, 2019, primarily due to an increase of $47.3 million in non-cash working capital over the prior quarter. The change in non-cash working capital during the three months ended June 30, 2019 is primarily driven by an increase in accounts payable and accrued liabilities of $62.7 million, offset by an increase in accounts receivable of $32.2 million over the prior quarter.

Cash used in operating activities for the year ended June 30, 2019 increased by $110.6 million, compared to the year ended June 30, 2018. The increase was primarily related to an increase in operational spending to support the rapid growth of our business and expansion of our operations.

Cash used in investing activities for the three months ended June 30, 2019 increased by $85.2 million, compared to the three months ended March 31, 2019. The increase was primarily due to an increase of $70.7 million in property, plant and equipment expenditures and a $10.8 million decrease in proceeds received from the sale of certain marketable securities in the prior quarter.

Cash used in investing activities for the year ended June 30, 2019 was $224.6 million lower compared to the year ended June 30, 2018. The decrease was primarily attributable to (i) a $218.3 million decrease in cash invested in associates; (ii) a $0.6 million decrease in cash used for asset acquisitions; (iii) an $221.4 million increase in cash assumed from business combinations; (iv) a $47.0 million increase in cash generated from sale of marketable securities; offset by a $277.4 million increase in property, plant and equipment expenditures.

Cash provided by financing activities for the three months ended June 30, 2019 decreased by $478.3 million, compared to the three months ended March 31, 2019. The decrease was primarily due to the proceeds received from the BMO Credit Facility and the Senior Notes during the three months ended March 31, 2019.

Cash provided by financing activities for the year ended June 30, 2019 was $62.4 million higher compared to the year ended June 30, 2018. The increase compared to prior year was primarily due to an increase of $260.1 million related to proceeds obtained from long term loans under the BMO Credit Facility and the Senior Notes to support operating and expansion needs. This increase was offset by an increase in loan repayments of $28.0 million and a $156.3 million reduction in cash generated from the exercise of stock options, warrants and conversion of debentures compared to the prior year.

Capital Expenditures

The Company's major capital expenditures for the year ended June 30, 2019 mainly consisted of equipment for Aurora Sky, the expansion of Aurora River (Bradford) and continued construction activities at Aurora Nordic and Aurora Sun. The Company's principal capital requirements relate to expansion of current production facilities, construction of new production facilities, strategic investments and acquisitions and the support of new growth initiatives and diversification of product offerings.

Contractual Obligations

As at June 30, 2019, the Company had the following contractual obligations:

($ thousands)	Total	< 1 year	1 to 3 years	3 to 5 years	> 5 years
	$	$	$	$	$
Accounts payable and accrued liabilities	152,884	152,884	—	—	—
Convertible notes and interest (1)	815,421	264,589	49,665	501,167	—
Loans and borrowings (2)	161,160	23,559	137,284	317	—
Contingent consideration payable	60,769	53,512	7,257	—	—
Office lease	92,591	11,348	20,399	19,188	41,656
Capital commitments (3)	243,072	239,113	3,959	—	—
License and sponsorship fees	144,489	10,545	34,138	41,779	58,027
Total contractual obligations	1,670,386	755,550	252,702	562,451	99,683

(1) Assumes the principal balance outstanding at June 30, 2019 remains unconverted and includes the estimated interest payable until the maturity date.
(2) Includes interest payable until maturity date.
(3) Relates to commitments that the Company has made to vendors for equipment purchases and capital projects pertaining to on-going expansion and construction.

Contingencies

On November 29, 2017, a claim was commenced against the Company regarding 300,000 stock options with an exercise price of $0.39 per share issued to a consultant pursuant to an agreement dated March 16, 2015. The agreement was terminated on March 8, 2016, and in accordance with the Company's stock option plan, the unexercised options expired 90 days after the date of the termination of the agreement. The option holder is attempting to enforce exercise rights, which the Company believes do not exist. The Company believes the action to be without merit and intends to defend this claim. Examinations for discovery were completed in January 2019. Due to the uncertainty of the timing and the amount of estimated future cash outflows relating to this claim, no provision had been recognized.

On October 3, 2018, a claim was commenced against the Company regarding the failure to supply product under a recently acquired subsidiary's supply agreement. The plaintiff is seeking specific performance of the supply agreement and damages for breach of contract for approximately $22.0 million (€14.7 million) plus legal costs. In accordance with the terms of the agreement, the Company had terminated the contract due to a breach by the plaintiff. The Company intends to defend this claim and filed its statement of defense in December 2019. Due to the uncertainty of timing and the amount of estimated future cash outflows relating to this claim, no provision has been recognized.

In connection with the acquisition of MedReleaf, the Company assumed a contingent liability associated with a formerly terminated MedReleaf employee. The claimant is seeking performance under their employment agreement regarding the amount of severance payable. As a result, the Company recognized a provision of $4.2 million, which represents management's best estimate of the costs required to settle the matter, associated with the acquisition of MedReleaf which remains unchanged as at June 30, 2019.

Off-balance sheet arrangements

As at the date of this MD&A, the Company has a $1.6 million letter of credit outstanding under Facility A of its Credit Facility with BMO. There are no other material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company

Related Party Transactions

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors. Compensation expense for key management personnel was as follows:

	Years ended June 30,	
	2019	2018
	$	$
Management compensation	7,446	5,284
Directors' fees (1)	349	210
Share-based compensation (2)	20,132	14,608
Total management compensation (3)	27,927	20,102

(1) Includes meeting fees and committee chair fees.
(2) Share-based compensation represent the fair value of options granted and vested to key management personnel and directors of the Company under the Company's share-based compensation plans (Note 16).
(3) As of June 30, 2019, $2.6 million is payable or accrued for key management compensation (June 30, 2018 - $1.1 million).

The following is a summary of the significant transactions with related parties:

	Years ended June 30,		Balance receivable (payable) at June 30,	
	2019	2018	2019	2018
	$	$	$	$
Consulting fees (1)	6,696	5,364	—	(24)
Marketing fees (2)	3,784	2,210	—	(1,976)
Accounts receivable from associates	—	—	—	1,554
Loan receivable from a joint arrangement (3)	—	—	—	3,444
	10,480	7,574	—	2,998

(1) Operational and administrative service fees paid or accrued to a company having a former director in common with the Company, pursuant to an agreement with CanvasRx
(2) Marketing fees paid to a company partially owned by a former officer of the Company
(3) Business transactions carried out with associates and joint arrangements

These transactions are in the normal course of operations and are measured at the exchange value being the amounts agreed to by the parties.

Critical Accounting Estimates

The preparation of the Company's Financial Statements under IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the Financial Statements are as follows:

Biological Assets

The Company defines biological assets as cannabis plants up to the point of harvest. Biological assets are measured at fair value less costs to sell at the end of each reporting period in accordance with IAS 41 - *Agriculture* using the income approach. The income approach calculates the present value of expected future cash flows from the Company's biological assets using the following key Level 3 assumptions and inputs:

Inputs and assumptions	Description	Correlation between inputs and fair value
Selling price per gram	Represents the average selling price per gram of dried cannabis net of excise taxes, where applicable, for the period for all strains of cannabis sold, which is expected to approximate future selling prices.	If the average selling price per gram were higher (lower), estimated fair value would increase (decrease).
Attrition rate	Represents the weighted average number of plants culled at each stage of production.	If the average attrition rate was lower (higher), estimated fair value would increase (decrease).
Average yield per plant	Represents the average number of grams of dried cannabis inventory expected to be harvested from each cannabis plant.	If the average yield per plant was higher (lower), estimated fair value would increase (decrease).
Standard cost per gram to complete production	Based on actual production costs incurred divided by the grams produced in the period.	If the standard cost per gram to complete production was lower (higher), estimated fair value would increase (decrease).
Cumulative stage of completion in the production process	Calculated by taking the weighted average number of days in production over a total average grow cycle of approximately twelve weeks.	If the number of days in production was higher (lower), estimated fair value would increase (decrease).

Production costs are capitalized for biological assets and include all direct and indirect costs related to biological transformation. Costs include direct costs of production, such as labour, growing materials, as well as indirect costs such as labour, quality control costs, depreciation on production equipment, and overhead expenses including rent and utilities.

Inventory

Cannabis Inventory is transferred from biological assets at fair value less costs to sell at the point of harvest, which becomes the deemed cost. Any subsequent post-harvest costs are capitalized to Cannabis Inventory to the extent that the cost is less than net realizable value ("NRV"). NRV for work-in-process ("WIP") and finished Cannabis Inventory is determined by deducting estimated remaining conversion/completion costs and selling costs from the estimated sale price achievable in the ordinary course of business. Products for resale, consumable supplies and accessories are initially recognized at cost and subsequently valued at the lower of

cost and NRV. The Company uses judgment in determining the NRV of inventory. When assessing NRV, the Company considers the impact of price fluctuation, inventory spoilage and inventory damage.

Estimated useful lives and depreciation of property, plant and equipment

Depreciation of property, plant and equipment is dependent upon estimates of useful lives and residual values which are determined through the exercise of judgment. Residual values, useful lives and depreciation methods are reviewed annually for relevancy and changes are accounted for prospectively. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic conditions, market conditions and the useful lives of the assets.

Impairment of investments in associates and joint ventures

Investments in associates and joint ventures are assessed for indicators of impairment at each period end. An impairment test is performed when there is objective evidence of impairment, such as significant adverse changes in the environment in which the equity-accounted investee operates or there is a significant or prolonged decline in the fair value of the investment below its carrying amount. An impairment loss is recorded when the recoverable amount is lower than the carrying amount. An impairment loss is reversed if the reversal is related to an event occurring after the impairment loss is recognized. Reversals of impairment losses are recognized in profit or loss and are limited to the original carrying amount under the equity method as if no impairment had been recognized for the asset in prior periods. The Company uses judgment in assessing whether impairment has occurred or a reversal is required as well as the amounts of such adjustments.

Business combinations

In determining the fair value of all identifiable assets acquired and liabilities assumed, the most significant estimates generally relate to contingent consideration and intangible assets. Management exercises judgment in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. Identified intangible assets are fair valued using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Goodwill and intangible asset impairment

Goodwill and indefinite life intangible assets are tested annually in June for impairment by comparing the carrying value of each cash-generating unit ("CGU") containing the assets to its recoverable amount. Goodwill is allocated to CGUs or groups of CGU's for impairment testing based on the level at which it is monitored by management, and not at a level higher than an operating segment. Goodwill is allocated to those CGUs or groups of CGUs expected to benefit from the business combination from which the goodwill arose, which requires the use of judgment.

An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds it recoverable amount. The recoverable amounts of the CGUs' assets have been determined based on a fair value less costs of disposal. There is a material degree of uncertainty with respect to the estimates of the recoverable amounts of the CGU, given the necessity of making key economic assumptions about the future. The key assumptions used in the calculation of the recoverable amount relate to future cash flows and growth projections, future weighted average cost of capital and the terminal growth rate. These key assumptions are based on historical data from internal sources as well as industry and market trends.

Share-based compensation

Depending on the complexity of the specific stock option and warrant terms, the fair value of options and warrants is calculated using either the Black-Scholes option pricing model or the Binomial model. When determining the fair value of stock options and warrants, management is required to make certain assumptions and estimates related to expected lives, volatility, risk-free rate, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

Deferred tax assets

Significant estimates are required in determining the Company's provision for income taxes and uncertain tax positions. Some of these estimates are based on interpretations of existing tax laws or regulations. Various internal and external factors may have favorable or unfavorable effects on the Company's future effective tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, results of tax audits by tax authorities, future levels of research and development spending, changes in estimates related to repatriation of undistributed earnings of foreign subsidiaries, and changes in overall levels of pre-tax earnings. The assessment of whether or not a valuation allowance is required on deferred tax assets often requires significant judgment with regard to management's assessment of the long-range forecast of future taxable income and the evaluation of tax planning initiatives. Adjustments to the deferred tax valuation allowances are made to earnings in the period when such assessments are made.

Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction, notably marketable securities, derivative financial instruments, convertible debentures and loans, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and derive estimates. Significant judgment is also used when attributing to

fair values to each component of a transaction upon initial recognition, measuring fair values for certain instruments on a recurring basis and disclosing the fair values of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of instruments that are not quoted or observable in an active market. Information about valuation techniques and inputs used in determining the fair value of financial instruments is disclosed in Note 25 to our annual consolidated financial statements.

New or Amended Standards Effective July 1, 2018

The Company has adopted the following new or amended IFRS standards for the period beginning July 1, 2018.

(i) IFRS 15 Revenue from Contracts with Customers

The IASB replaced IAS 18 *Revenue* in its entirety with IFRS 15 *Revenue from Contracts with Customers*. The Company adopted IFRS 15 using the modified retrospective approach, where the cumulative impact of adoption was required to be recognized in retained earnings as of July 1, 2018 and comparatives were not required to be restated.

We generate revenue primarily from the sale of cannabis as well as from the provision of services. The Company uses the following five-step contract-based analysis of transactions to determine whether, how much and when revenue is recognized:

1. Identify the contract with a customer;
2. Identify the performance obligation(s) in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligation(s) in the contract; and
5. Recognize revenue when or as the Company satisfies the performance obligation(s).

Revenue from the sale of cannabis is generally recognized when control over the goods has been transferred to the customer. Payment for medical sales is typically due prior to shipment. Payment for wholesale consumer-use is due within a specified time period as permitted by the underlying agreement and the Company's credit policy upon the transfer of goods to the customer. The Company satisfies its performance obligation and transfers control to the customer upon delivery and acceptance by the customer. Revenue is recorded at the estimated amount of consideration to which the Company expects to be entitled.

For bill-and-hold arrangements, revenue is recognized before delivery when the customer obtains control of the goods, and the Company has received payment. Control is transferred to the customer when the reason for the bill-and-hold arrangement is substantive, the Company cannot sell the goods to another customer, the goods can be identified separately and are ready for physical transfer to the customer.

Service revenues, including patient referral and construction consulting services, are recognized over a period of time as performance obligations are completed. Payment of the transaction price for patient counselling is typically due prior to the services being rendered and therefore, the transaction price is recognized as a contract liability, or deferred revenue, when payment is received. Contract liabilities are subsequently recognized in revenue as or when the Company performs under contracts. Payment of the transaction price for design, engineering and construction consulting services are typically due upon completion of the performance-related milestone.

Effective October 17, 2018, Canada Revenue Agency ("CRA") began levying an excise tax on the sale of medical and consumer cannabis products. The Company becomes liable for these excise duties when cannabis products are delivered to the customer. The excise taxes payable is the higher of (i) a flat-rate duty which is imposed when a cannabis product is packaged, and (ii) an advalorem duty that is imposed when a cannabis product is delivered to the customer. Effective May 1, 2019, excise tax calculated on edible cannabis, cannabis extracts and cannabis topicals will prospectively be calculated as a flat rate applied on the quantity of total tetrahydrocannabinol (THC) contained in the final product. Where the excise tax has been billed to customers, the Company has reflected the excise tax as part of revenue in accordance with IFRS 15. Net revenue from sale of goods, as presented on the consolidated statements of comprehensive (loss) income, represents revenue from the sale of goods less applicable excise taxes. Given that the excise tax payable/paid to CRA cannot be reclaimed and is not always billed to customers, the Company recognizes that the excise tax is an operating cost that affects gross margin to the extent that it is not recovered from its customers.

The adoption of this new standard had no impact on the amounts recognized in its condensed consolidated interim financial statements.

(ii) IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* replaced IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The Company adopted IFRS 9 using the retrospective approach where the cumulative impact of adoption was recognized in retained earnings as at July 1, 2018 and comparatives were not restated.

The adoption of IFRS 9 did not have an impact on the Company's classification and measurement of financial assets and liabilities except for equity instruments which are classified as marketable securities on the consolidated statement of financial position. The Company designates its marketable securities as financial assets at FVTOCI, where they are initially recorded at fair value. This designation is made on an instrument-by-instrument basis and if elected, subsequent changes in fair value are recognized in other comprehensive income only and are not transferred into profit or loss upon disposition.

Classification of Financial Instruments

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income ("FVTOCI"), or (iii) at fair value through profit or loss ("FVTPL").

Financial assets that are held for the purpose of collecting contractual cash flows that are SPPI are classified as amortized cost. Amortized cost financial assets are initially recognized at their fair value and are subsequently measured at amortized cost using the effective interest rate method. Transaction costs of financial instruments classified as amortized cost are capitalized and amortized in profit or loss on the same basis as the financial instrument.

Financial assets that are held for both the purpose of collecting contractual cash flows and selling financial assets that have contractual cash flows that are SPPI are classified as FVTOCI. FVTOCI financial instruments are recognized at fair value at initial recognition and at each reporting date with gains and losses accumulated in other comprehensive (loss) income until the asset is derecognized, at which point the cumulative gains or losses are reclassified to profit or loss. IFRS provides an election to designate equity instruments at FVTOCI that would otherwise be classified as FVTPL. Equity instruments designated at FVTOCI must be made on an instrument-by-instrument basis and if elected, subsequent changes in fair value are recognized in other comprehensive income only and are not transferred into profit or loss upon disposition.

Financial assets that are not measured at amortized cost or at FVTOCI are measured at FVTPL. FVTPL financial assets are recognized at fair value at initial recognition and at each reporting date with gains and losses recognized in profit or loss on the statement of comprehensive (loss) income. Transaction costs of financial assets classified as FVTPL are recognized in profit or loss as they are incurred.

Consistent with IAS 39, financial liabilities under IFRS 9 are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost, except for financial liabilities, such as derivatives, that are measured at FVTPL.

The following table summarizes the classification of the Company's financial instruments under IAS 39 and IFRS 9:

	IAS 39 Classification	IFRS 9 Classification
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Short-term investments	Loans and receivables	Amortized cost
Accounts receivable excluding taxes receivable	Loans and receivables	Amortized cost
Marketable securities	Available-for-sale	FVTOCI
Derivatives	FVTPL	FVTPL
Financial liabilities		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Loans and borrowings	Amortized cost	Amortized cost
Convertible debentures	Amortized cost	Amortized cost
Contingent consideration payable	FVTPL	FVTPL

The adoption of IFRS 9 did not have an impact on the Company's classification and measurement of financial assets and liabilities except for equity instruments which were classified as marketable securities on the condensed consolidated interim statement of financial position. The Company designates its marketable securities as financial assets at FVTOCI, where they are initially recorded at fair value. This designation is made on an instrument-by-instrument basis and if elected, subsequent changes in fair value are recognized in other comprehensive income only and are not transferred into profit or loss upon disposition.

IFRS 9 uses an expected credit loss impairment model as opposed to an incurred credit loss model under IAS 39. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date. For trade accounts receivable, the Company utilized a provision matrix, as permitted under the simplified approach, and has measured the expected credit losses based on lifetime expected credit losses taking into consideration historical credit loss experience and financial factors specific to debtors and other relevant factors. The carrying amount of trade receivables is reduced for any expected credit losses through the use of an allowance for doubtful accounts ("AFDA") provision. Changes in the carrying amount of the AFDA provision are recognized in the statement of comprehensive income. When the Company determines that no recovery of the amount owing is possible, the amount is deemed irrecoverable and the financial asset is written off. The adoption of the new expected credit loss impairment model had a negligible impact on the carrying amounts of financial assets recognized at amortized cost.

Recent Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 *Leases*, which will replace IAS 17 *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term greater than twelve months, unless the underlying asset's value is insignificant. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Lessors will continue to classify leases as operating or finance, with lessor accounting remaining substantially unchanged from the preceding guidance under IAS 17, Leases.

Management is currently executing its implementation plan and has completed the initial scoping phase to identify material lease contracts. However, the analysis of such contracts to quantify the transitional impact is still in progress. The most significant impact of IFRS 16 will be our initial recognition of the present value of unavoidable future lease payments as right-of-use assets under property, plant and equipment and the concurrent recognition of a lease liability on the consolidated statement of financial position. Majority of our property leases, which are currently treated as operating leases, are expected to be impacted by the new standard which will result in lower rent expense, higher depreciation expense and higher finance costs related to accretion and interest expense of the lease liability. IFRS 16 will also impact the presentation of the consolidated statement of cash flows by decreasing operating cash flows and increasing financing cash flows.

The standard will be effective for the Company for the fiscal year commencing July 1, 2019. The Company will be adopting the standard retrospectively by recognizing the cumulative impact of initial adoption in opening retained earnings (i.e. the difference between the right-of-use asset and the lease liability). The Company will measure the right-of-use asset at an amount equal to the lease liability on July 1, 2019, apply a single discount rate to leases with similar remaining lease terms for similar classes of underlying assets and will not separate non-lease components from lease components for certain classes of underlying assets. Consistent with the guidance, the Company will not apply this standard to short-term leases and leases for which the underlying asset is of low value.

IFRS 3 Definition of a Business

In October 2018, the IASB issued "*Definition of a Business (Amendments to IFRS 3)*". The amendments clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendment provides an assessment framework to determine when a series of integrated activities is not a business. The amendments are effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

IFRIC 23 Uncertainty Over Income Tax Treatments

IFRIC 23 provides guidance that adds to the requirements in IAS 12, Income Taxes by specifying how to reflect the effects of uncertainty in accounting for income taxes. IFRIC 23 requires an entity to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the entity should consider recording a provision to reflect the effect of the uncertainty in determining its accounting tax position. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 and is to be applied retrospectively, or on a cumulative retrospective basis. The Company does not expect the application of IFRIC 23 will have a material impact on the Company's consolidated financial statements.

Financial Instruments

Financial instruments are measured either at fair value or at amortized cost. The table below lists the valuation methods used to determine fair value of each financial instrument.

	Fair Value Method
Financial Instruments Measured at Fair Value	
Marketable securities	Closing market price of common shares as of the measurement date (Level 1)
Derivatives	Black-Scholes, Binomial, Monte-Carlo & FINCAD valuation model (Level 1, 2, or 3)
Contingent consideration payable	Discounted cash flow model (Level 3)
Derivative liability	Kynex valuation model (Level 2)
Financial Instruments Measured at Amortized Cost	
Cash and cash equivalents, restricted cash, short-term investments, accounts receivable	Carrying amount (approximates fair value due to short-term nature)
Accounts payable and accrued liabilities	Carrying amount (approximates fair value due to short-term nature)
Convertible debentures, loans and borrowings	Carrying value at the effective interest rate which approximates fair value

Summary of Financial Instruments

The following is a summary of the carrying value of financial instruments as at June 30, 2019:

	Amortized Cost	FVTPL	Designated FVTOCI	Total
Financial Assets	$	$	$	$
Cash and cash equivalents	172,727	—	—	172,727
Restricted cash	46,066	—	—	46,066
Accounts receivable excluding taxes receivable	85,232	—	—	85,232
Marketable securities	—	—	143,248	143,248
Derivatives	—	86,409	—	86,409
Financial Liabilities				
Accounts payable and accrued liabilities	152,884	—	—	152,884
Convertible notes (1)	503,581	—	—	503,581
Contingent consideration payable	—	28,137	—	28,137
Loans and borrowings	141,244	—	—	141,244
Derivative liability	—	177,395	—	177,395

(1) The fair value of convertible notes includes both the debt and equity components.

Fair Value Hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3	Inputs for the asset or liability that are not based on observable market data.

The following is a summary of financial instruments measured at fair value segregated based on the various levels of inputs as at June 30, 2019:

	Level 1	Level 2	Level 3	Total
As at June 30, 2019	$	$	$	$
Marketable securities (1)	142,248	—	1,000	143,248
Derivative assets (1)	—	64,001	22,408	86,409
Contingent consideration payable (2)	—	—	28,137	28,137
Derivative liability (2)	—	177,395	—	177,395
As at June 30, 2018				
Marketable securities	59,188	—	—	59,188
Derivative assets	—	120,102	4,840	124,942
Contingent consideration payable	—	—	21,333	21,333

(1) For a reconciliation of realized and unrealized gains and losses applicable to financial assets measured at fair value for the year ended June 30, 2019, refer to Notes 5(a) and (b) in the Consolidated Financial Statements.
(2) For a reconciliation of unrealized gains and losses applicable to financial liabilities measured at fair value for the year ended June 30, 2019, please refer to Note 13(v) and Note 25 in the Consolidated Financial Statements.

There have been no transfers between fair value levels during the period.

Financial Instruments Risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

Credit risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash and cash equivalents, restricted cash, trade and other receivables and short-term GIC investments. The risk exposure is limited to their carrying amounts reflected on the statement of financial position. The risk for cash and cash equivalents and restricted cash is mitigated by holding these instruments with highly rated Canadian financial institutions. As the Company does not invest in asset-backed deposits or investments, it does not expect

any credit losses. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the financial institutions and the investment grade of its GICs.

Trade and other receivables primarily consist of trade accounts receivable and sales tax receivable. The Company provides credit to certain customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. Credit risk is generally limited for receivables from government bodies, which generally have low default risk, and medical sales direct to patients, where payment is required prior to the delivery of goods. Credit risk for non-government wholesale customers is assessed on a case-by-case basis and a provision is recorded where required. As of June 30, 2019, $25.1 million of accounts receivable are from non-government wholesale customers with the remaining accounts receivable balance relating to government bodies or medical patients. As of June 30, 2019, the Company recognized a $3.1 million provision for expected credit losses.

As at June 30, 2019, the Company's aging of receivables was as follows:

	June 30, 2019	June 30, 2018
	$	$
0 – 60 days	59,725	13,569
61 – 120 days	43,768	1,527
	103,493	15,096

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its financial liabilities when they are due. The Company manages liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. On August 29, 2018, the Company secured a $200.0 million Credit Facility with BMO, of which a $1.6 million letter of credit is outstanding under Facility A and $146.2 million was outstanding under Facility B as of June 30, 2019. Subsequent to June 30, 2019, the Company elected to amend and upsize the BMO Credit Facility to $360.0 million as disclosed in Note 28 to our annual consolidated financial statements. On April 2, 2019, the Company filed a Shelf Prospectus and a corresponding Registration Statement with the SEC which allows Aurora to make offerings of common shares, debt securities, subscription receipts, units, warrants or any combination thereof up to US$750.0 million during the 25-month period that the Shelf Prospectus is effective. In connection with the Shelf Prospectus, the Company also filed an ATM supplement which provides for US $400.0 million in common shares to be sold by registered dealers on behalf of Aurora in the United States through the NYSE at prevailing market prices at the time of sale.

Market risk

Market risk is the risk that changes in the market related factors, such as foreign exchange rates and interest rates, will affect the Company's (loss) income or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(a) Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company operates internationally, certain of the Company's financial instruments and transactions are denominated in currencies other than the Canadian dollar. The results of the Company's operations are, therefore, subject to currency transaction and translation risks.

The Company's main risk is associated with fluctuations in Euros, Danish Krone, Australian and U.S. dollars. The Company holds cash in Canadian dollars, U.S. dollars, Danish Krone and Euros; investments denominated in Australian and U.S. dollars and C$460.6 million of Senior Notes which are denominated in U.S. dollars. Assets and liabilities are translated based on the Company's foreign currency translation policy.

The Company has determined that as at June 30, 2019, an effect of a 10% increase or decrease in Euros, Danish Krone, Australian dollars and U.S. dollars against the Canadian dollar on financial assets and liabilities would result in an increase or decrease of approximately $48.9 million (June 30, 2018 - $0.1 million) to net profit (loss) and $20.5 million to comprehensive (loss) income(June 30, 2018 - $0.9 million) for the year ended June 30, 2019.

At June 30, 2019, the Company has not entered into any hedging agreements to mitigate currency risks with respect to foreign exchange rates.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's financial liabilities consist primarily of long-term fixed rate debt or variable rate debt. Fluctuations in interest rates could impact the Company's cash flows, primarily with respect to the interest payable on the Company's variable rate debt, which consists of certain borrowings with a total principal value of $146.2 million (June 30, 2018 - nil). If the variable interest rate changed by 10 basis points, the Company would incur an associated increase or decrease in net and comprehensive loss of approximately $8.7 million (June 30, 2018 - nil).

(c) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's marketable securities and investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The fair value of marketable securities and derivatives held in publicly traded entities are based on quoted market prices, which the shares of the underlying investments can be exchanged for. The fair value of marketable securities and derivatives held in privately-held entities are based on various valuation techniques, as detailed under the "*Financial Instruments"* section above, and is dependent on the type and terms of the security.

If the fair value of these financial assets were to increase or decrease by 10% as of June 30, 2019, the Company would incur an associated increase or decrease in net and comprehensive (loss) income of approximately $23.0 million (2018 - $29.5 million). See Note 5 of the Consolidated Financial Statements for additional details regarding the fair value of marketable securities and derivatives.

Summary of Outstanding Share Data

The Company had the following securities issued and outstanding as at September 10, 2019:

Securities (1)	Units Outstanding
Issued and outstanding common shares	1,028,762,723
Stock options	67,750,208
Warrants	23,939,396
Restricted share units	1,959,672
Deferred share units	29,000
Convertible debentures	65,310,447

(1) Refer to Note 13 "Convertible Debentures", Note 15 "Share Capital" and Note 16 "Share-Based Compensation" in the Company's Consolidated Financial Statements for a detailed description of these securities.

Historical Quarterly Results

($ thousands, except earnings per share and Operational Results)	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Financial Results				
Gross revenue	$114,185	$75,238	$62,000	$29,674
Net revenue (1)	$98,942	$65,145	$54,178	$29,674
Gross margin on cannabis net revenue (2)	58%	55%	54%	70%
(Loss) earnings attributable to common shareholders	($182)	($158,354)	($237,752)	$105,451
Basic earnings (loss) per share	$0.00	($0.16)	($0.25)	$0.12
Diluted earnings (loss) per share	$0.00	($0.16)	($0.25)	$0.12
Balance Sheet				
Working capital	$227,802	$469,729	$274,629	$548,446
Cannabis inventory and biological assets (3)	$144,275	$118,023	$79,924	$75,944
Total assets	$5,502,830	$5,549,780	$4,875,884	$4,955,361
Operational Results – Medical Cannabis				
Cash cost of sales per gram sold (4)	$1.47	$2.05	$2.60	$1.90
Cash cost to produce per gram sold (4)	$1.14	$1.42	$1.92	$1.45
Active registered patients	84,729	77,136	73,579	67,484
Average net selling price of dried cannabis (5)	$4.91	$5.86	$6.23	$8.39
Average net selling price of cannabis extracts (5)	$10.37	$11.01	$10.00	$12.12
Kilograms produced	29,034	15,590	7,822	4,996
Kilograms sold	17,793	9,160	6,999	2,676

	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Financial Results				
Gross revenue	$19,147	$16,100	$11,700	$8,249
Net revenue (1)	$19,147	$16,100	$11,700	$8,249
Gross margin on cannabis net revenue (2)	74%	59%	63%	58%
(Loss) earnings attributable to common shareholders	$79,868	($19,215)	$7,723	$3,560
Basic earnings (loss) per share	$0.13	($0.04)	$0.02	$0.01
Diluted earnings (loss) per share	$0.00	($0.04)	$0.02	$0.01
Balance Sheet				
Working capital	$144,533	$338,476	$302,526	$169,674
Cannabis inventory and biological assets (3)	$39,602	$28,478	$17,073	$16,549
Total assets	$1,886,510	$1,671,400	$732,394	$347,834
Operational Results – Medical Cannabis				
Cash cost of sales per gram sold (4)	$1.87	$1.80	$1.74	$2.16
Cash cost to produce per gram sold (4)	$1.70	$1.53	$1.41	$1.87
Active registered patients	43,308	45,776	21,718	19,280
Average net selling price of dried cannabis (5)	$8.02	$7.30	$7.86	$7.32
Average net selling price of cannabis extracts (5)	$13.52	$12.83	$13.35	$16.41
Kilograms produced	2,212	1,206	1,204	1,010
Kilograms sold	1,617	1,353	1,162	890

(1) Net revenues represents our total gross revenues net of excise taxes levied by the CRA effective October 17, 2018, on the sale of medical and consumer use cannabis products. Given that our gross revenue figures exclude excise taxes that were levied and billed back to customers, as reflected in accordance with IFRS 15, we believe that the presentation of net revenue more accurately reflects the level of revenue earned during the relevant period. For more information about the excise tax and the impact on Aurora's revenues, costs and associated gross margin, refer to the "Financial Review" section of this MD&A.

(2) Gross margin on cannabis net revenue is a non-GAAP measure. Refer to *"Cautionary Statement Regarding Certain Performance Measures"* section of this MD&A for the defined term. For Q4 2019 and Q3 2019, gross margin on cannabis net revenue were comprised of revenues from both medical and consumer markets, while Q4 2018 gross margin on cannabis net revenues were comprised of revenues from medical cannabis only. Given that our gross revenue from the sale of goods figure excludes excise taxes, we believe that the presentation of gross margin on cannabis net revenue more accurately reflects the level of gross profit earned from cannabis products during the relevant period.

(3) Represents total biological assets and cannabis inventory, exclusive of merchandise, accessories, supplies and consumables.
(4) Cash cost of sales per gram of dried cannabis sold and cash cost to produce per gram of dried cannabis sold are non-GAAP financial measures and are not a recognized, defined, or standardized measure under IFRS. These respective metrics represents the blended and consolidated cash costs for dried cannabis produced and sold by our Aurora and CanniMed operations during the year ended June 30, 2018. However, due to the acquisitions completed and growth achieved in fiscal 2019, the metrics for the periods ended June 30, 2019 and March 31, 2019, reflect the blended and consolidated cash costs of dried cannabis produced and sold by our Aurora, CanniMed, MedReleaf, ICC and Whistler operations. Refer to *"Cautionary Statement Regarding Certain Performance Measures"* section of this MD&A for the defined terms.
(5) Refer to *"Cautionary Statement Regarding Certain Performance Measures"* section of this MD&A for the defined terms.
(6) During the three months ended June 30, 2019, the Company recorded non-material year end corrections to: (i) capitalize certain payroll, share-based compensation and borrowing costs, related to the construction of our production facilities that were incorrectly expensed in prior periods; and (ii) reverse items that had been over-accrued in prior periods. The net impact of these adjustments to Q4 2019 Adjusted EBITDA was a $14.9 million reduction in reported operating expenses.

Risk Factors

In addition to the other information included in this report, you should consider carefully the following factors, which describe the risks, uncertainties and other factors that may materially and adversely affect our business, products, financial condition and operating results. There are many factors that affect our business and our results of operations, some of which are beyond our control. The following is a description of important factors that may cause our actual results of operations in future periods to differ materially from those currently expected or discussed in the forward-looking statements ("FLS") set forth in this report relating to our financial results, operations and business prospects. Except as required by law, we undertake no obligation to update any such FLS to reflect events or circumstances after the date of this MD&A.

These risks include, but are not limited to the following:

Our business is reliant on the good standing of our licenses.

Our ability to continue our business of cannabis cultivation, storage and distribution is dependent on the good standing of all of our licenses, authorizations and permits and adherence to all regulatory requirements related to such activities. We will incur ongoing costs and obligations related to regulatory compliance. Any failure to comply with the terms of the licenses, or to renew the licenses after their expiry dates, would have a material adverse impact on the financial conditions and operations of the business. Although we believe that we will meet the requirements of the *Cannabis Act* for future extensions or renewals of the licenses, there can be no assurance that Health Canada will extend or renew the licenses, or if extended or renewed, that they will be extended or renewed on the same or similar terms. Should Health Canada or the Canada Revenue Agency not extend or renew the licenses, or should they renew the licenses on different terms, our business, financial condition and operations would be materially adversely affected. The same risks may arise when expanding our operations to foreign jurisdictions.

We are committed to regulatory compliance, including but not limited to the maintenance of good production practices and physical security measures required by Health Canada. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on our operations. In addition, changes in regulations, more vigorous enforcement thereof, or other unanticipated events could require changes to our operations, increased compliance costs or give rise to material liabilities, which could have an adverse effect on our business, financial condition and operations.

Our Canadian licenses are reliant on our established sites.

The Canadian licenses we hold are specific to individual facilities. Any adverse changes or disruptions to the functionality, security and sanitation of our sites or any other form of non-compliance may put our licenses at risk, and ultimately adversely impact our business, financial condition and operations. As our operations and financial performance may be adversely affected if we are unable to keep up with such requirements, we are committed to the maintenance of our sites and intend to comply with Health Canada and their inspectors as required.

As our business continues to grow, any expansion to or update of our current operating sites, or the introduction of new sites, will require the approval of Health Canada. There is no guarantee that Health Canada will approve any such expansions and/or renovations, which could adversely affect the Corporation's business, financial condition and operations.

We operate in a highly regulated business and any failure or significant delay in obtaining regulatory approvals could adversely affect our ability to conduct our business.

Achievement of our business objectives are contingent, in part, upon compliance with the regulatory requirements enacted by applicable government authorities, including those imposed by Health Canada, and obtaining all regulatory approvals, where necessary. We cannot predict the time required to secure all appropriate regulatory approvals for our products, or the extent of testing and documentation that may be required by government authorities. The impact of regulatory compliance regimes and any delays in obtaining, or failure to obtain, regulatory approvals may significantly delay or impact the development of our business and operations. Non-compliance could also have a material adverse effect on our business, financial condition and operations.

Change in the laws, regulations and guidelines that impact our business may cause adverse effects on our operations.

Our business is subject to a variety of laws, regulations, and guidelines relating to the marketing, acquisition, manufacturing, management, transportation, storage, sale, packaging and labeling, and disposal of cannabis. We are also subject to laws, regulations, and guidelines relating to health and safety, the conduct of operations, taxation of products and the protection of the environment. As the laws, regulations and guidelines pertaining to the cannabis industry are relatively new, it is possible that significant legislative amendments may still be enacted - either provincially or federally - that address current or future regulatory issues or perceived inadequacies in the regulatory framework. Changes to such laws, regulations and guidelines may cause material adverse effects on our operations.

The legislative framework pertaining to the Canadian non-medical cannabis market is subject to significant provincial and territorial regulation. The legal framework varies across provinces and territories and results in asymmetric regulatory and market environments. Different competitive pressures, additional compliance requirements, and other costs may limit our ability to participate in such markets.

We compete for market share with a number of competitors and expect even more competitors to enter our market, and many of our current and future competitors may have longer operating histories, more financial resources and lower costs than us.

As the cannabis market continues to mature, both domestically and internationally, the overall demand for products and the number of competitors are expected to increase. Consumers that once solely relied on the medical cannabis market may shift some, or all, of their consumption or preferences away from medical cannabis and towards consumer cannabis. The *Cannabis Act* also permits patients to produce a limited amount of cannabis for their own purposes or to designate a person to produce a limited amount of cannabis on their behalf. Such shifts in market demand, and other factors that we cannot currently anticipate, could potentially reduce the market for our products, which could ultimately have a material adverse effect on our business, financial condition and operations.

Some companies may have significantly greater financial, technical, marketing and other resources compared to us. Such companies may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships. Such competition may make it difficult to enter into supply agreements, negotiate favourable prices, recruit or retain qualified employees and acquire the capital necessary to fund our capital investments.

In addition, there are currently hundreds of applications for licensed producer's status being processed by Health Canada. The number of licenses granted and the number of licensed producers ultimately authorized by Health Canada could have an adverse impact on our ability to compete for market share in Canada's cannabis market. We also face competition from illegal cannabis dispensaries, who do not have a valid license, that are selling cannabis to individuals.

In order for us to be competitive, we will need to invest significantly in research and development, market development, marketing, production expansion, new client identification, distribution channels and client support. If we are not successful in obtaining sufficient resources to invest in these areas, our ability to compete in the market may be adversely affected, which could materially and adversely affect our business, financial conditions and operations.

Our future success depends upon our ability to achieve competitive production costs through increased production, economies of scale and our ability to recognize higher margins through the sale of higher margin products. To the extent that we are not able to produce our products at competitive prices or consumers prioritize established low margin products over innovative, higher margin products, our business, financial conditions and operations could be materially adversely affected.

We have a limited operating history and there is no assurance we will be able to achieve or maintain profitability.

Aurora Marijuana Inc. was the entity in which our operating business was originally organized. This company was incorporated in 2013 and our business began operations in 2015. We started generating revenues from the sale of cannabis in January 2016. Because we are an early-stage enterprise, we are subject to all of the associated business risks and uncertainties which include, but are not limited to, under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues.

We have incurred operating losses in recent periods. We may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, we expect to continue to increase operating expenses as we explore and implement initiatives to grow our business. If our revenues do not increase to offset these expected increases in costs and operating expenses, we may not be profitable. Our limited operating history may make it difficult for investors to evaluate our prospects for success. There is no assurance that we will be successful in achieving a return on shareholders' investments and the likelihood of success is uncertain in light of the early stage of our operations.

Selling prices and the cost of cannabis production may vary based on a number of factors outside of our control.

Our revenues are in a large part derived from the production, sale, and distribution of cannabis. The cost of production, sale, and distribution of cannabis is dependent on a number of key inputs and their related costs, including equipment and supplies, labour and raw materials related to our growing operations, as well other overhead costs such as electricity, water, and utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact our financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition, results of operations and prospects. This includes any change in the selling price of products set by the applicable province or territory. There is currently no established market price for cannabis and

the price of cannabis is affected by numerous factors beyond our control. Any price decline may have a material adverse effect on our business, financial condition and operations.

We may not be able to realize our growth targets.

Our ability to continue the production of cannabis products at the same pace as we are currently producing or at all, and our ability to continue to increase both our production capacity and our production volumes, may be affected by a number of factors, including plant design errors, non-performance by third party contractors, increases in materials or labor costs, construction performance falling below expected levels of output or efficiency, contractor or operator errors, breakdowns, aging or failure of equipment or processes, and labor disputes. Factors specifically related to indoor agricultural and processing practices, such as reliance on provision of energy and utilities to our facilities, those specifically related to outdoor cultivation practices, such as droughts, environmental pollution and inadvertent contamination, and any major incidents or catastrophic events affecting the premises, such as fires, explosions, earthquakes or storms, may all materially and adversely impact the growth of our business.

The continuance of our contractual relations with provincial and territorial governments cannot be guaranteed.

Part of our current revenues depend upon our supply contracts with the various Canadian provinces and territories. There are many factors which could impact our contractual agreements and alterations to or the termination of such contracts may adversely impact our business, financial condition and operations.

Our continued growth may require additional financing, which may not be available on acceptable terms or at all.

Our continued development may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of our current business strategy or our cease our ability to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be available on favorable terms. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of common shares. In addition, from time to time, we may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may increase our debt levels above industry standards or our ability to service such debt. Any debt financing obtained in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which could make it more difficult for us to obtain additional capital and pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, entitle lenders to accelerate repayment of debt and there is no assurance that we would be able to repay such debt in such an event or prevent the enforcement of security, if any, granted pursuant to such debt financing.

We may not be able to successfully develop new products or find a market for their sale.

The medical and non-medical cannabis industries are in their early stages of development and it is likely that we, and our competitors, will seek to introduce new products in the future. In attempting to keep pace with any new market developments, we may need to expend significant amounts of capital in order to successfully develop and generate revenues from new products introduced by us. As well, we may be required to obtain additional regulatory approvals from Health Canada and any other applicable regulatory authorities, which may take significant amounts of time and entail significant costs. On October 17, 2019, new regulations under the *Cannabis Act* will come into force permitting the production and sale of cannabis edibles, extracts and topicals. The impact of these regulatory changes on our business is unknown. We may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on our business, financial condition and results of operations.

As the cannabis market continues to mature, our products may become obsolete, less competitive or less marketable.

Because the cannabis market and associated products and technology are rapidly evolving, both domestically and internationally, we may be unable to anticipate and/or respond to developments in a timely and cost-efficient manner. The process of developing our products is complex and requires significant costs, development efforts and third-party commitments. Our failure to develop new products and technologies and the potential disuse of our existing products and technologies could adversely affect our business, financial condition and operations. Our success will depend, in part, on our ability to continually invest in research and development and enhance our existing technologies and products in a competitive manner.

Restrictions on branding and advertising may negatively impact our ability to attract and retain customers.

Our success depends on our ability to attract and retain customers. The *Cannabis Act* and *Cannabis Regulations* strictly regulate the way cannabis is packaged, labelled and displayed. The associated provisions are quite broad and are subject to change. It is currently prohibited to use testimonials and endorsements, depict people, characters and animals and produce any packaging that may be appealing to young people. The restrictions on packaging, labelling and the display of our cannabis products may adversely impact our ability to establish brand presence, acquire new customers, retain existing customers and maintain a loyal customer base. This may ultimately have a material adverse effect on our business, financial conditions and operations.

The cannabis business may be subject to unfavorable publicity or consumer perception.

The success of the cannabis industry may be significantly influenced by the public's perception of cannabis. Cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to cannabis will be favorable. Consumer perception of our products can be significantly influenced by scientific research or findings,

regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for our products and our business, financial condition, results of operations and prospects. Our dependence upon consumer perceptions means that adverse scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity, whether or not accurate or with merit, could have a material adverse effect on us, the demand for products, and our business, financial condition, results of operations and prospects. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or our products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on us. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

Third parties with whom we do business may perceive themselves as being exposed to reputational risk by virtue of their relationship with us and may ultimately elect not to do business with us.

The parties with which we do business may perceive that they are exposed to reputational risk as a result of our cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on us.

We may enter into strategic alliances or expand the scope of currently existing relationships with third parties that we believe complement our business, financial condition and results of operation and there are risks associated with such activities.

We have entered into, and may in the future enter into, strategic alliances with third parties that we believe will complement or augment our existing business. Our ability to complete and develop strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen regulatory issues, integration obstacles or costs, may not enhance our business, and may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from current operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Our success will depend on attracting and retaining key personnel.

Our success will depend on our directors' and officers' ability to develop and execute our business strategies and manage our ongoing operations, as well as our ability to attract and retain key personnel. Competition for qualified professionals, technical, sales and marketing staff, as well as officers and directors can be intense, and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations. While employment and consulting agreements are customary, these agreements cannot assure the continued services of such individuals.

Further, as a licensed producer under the *Cannabis Act*, certain key personnel are required to obtain a security clearance by Health Canada. Licenses will not be granted until all key personnel have been granted security clearance. Under the *Cannabis Act*, security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing or future key personnel will be able to obtain or renew such clearances. A failure by key personnel to maintain or renew their security clearance could result in a material adverse effect on our business, financial condition and operations. This is also a risk if key personnel leave the Company and we are unable to find a suitable replacement that can obtain a security clearance in a timely manner, or at all.

Certain of our directors and officers may have conflicts of interests due to other business relationships.

Some of our directors and officers are also directors and officers of other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from our interests. In accordance with the British Columbia *Business Corporations Act* (the "BCBCA"), directors who have a material interest in any person who is a party to a material contract, or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

Our expansion efforts may not be successful.

There is no guarantee that our intentions to acquire and/or construct additional cannabis production and manufacturing facilities in Canada and in other jurisdictions with legal cannabis markets will be successful. There is also no guarantee that expansions to our marketing and sales initiatives will be successful. Any such activities will require, among other things, various regulatory approvals, licenses and permits (such as additional licenses from Health Canada under the *Cannabis Act*, as applicable) and there is no guarantee that all required approvals, licenses and permits will be obtained in a timely fashion or at all. There is also no guarantee that we will be able to complete any of the foregoing activities as anticipated or at all. Our failure to successfully execute our expansion strategy (including receiving required regulatory approvals and permits) could adversely affect our business, financial condition and results of operations and may result in our failing to meet anticipated or future demand for our cannabis-based pharmaceutical products, when and if it arises.

In addition, the construction of current and future Aurora facilities are subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond our control, including the failure to obtain regulatory approvals,

permits, delays in the delivery or installation of equipment by our suppliers, difficulties in integrating new equipment with its existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed our budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, we may not be able to achieve the intended economic benefits from the construction of the new facilities, which in turn may materially and adversely affect our business, prospects, financial condition and results of operations.

We have expanded and intend to further expand our business and operations into jurisdictions outside of Canada, and there are risks associated with doing so.

We intend to continue to expand our operations and business into jurisdictions outside of Canada, some of which are emerging markets, but there can be no assurance that any market for our products will develop in any such foreign jurisdiction. The continuation or expansion of our operations internationally will depend on our ability to renew or secure the necessary permits, licenses, or other approvals in those jurisdictions. An agency's denial of or delay in issuing or renewing a permit, license or other approval, or revocation or substantial modification of an existing permit or approval, could prevent us from continuing our operations in or exports to other countries.

Foreign operations in emerging markets may expose us to new or unexpected risks or significantly increase our exposure to one or more existing risk factors. Some governmental regulations may require us to award contracts in, employ citizens of, and/or purchase supplies from the jurisdiction. These factors may limit our capability to successfully expand our operations and may have a material adverse effect on our business, financial condition and results of operations.

In addition, we are further subject to a wide variety of laws and regulations domestically and internationally with respect to the flow of funds and product across international borders and the amount of medical cannabis we export may be limited by the various drug control conventions to which Canada is a signatory.

While we continue to monitor developments and policies in the emerging markets, in which we operate and assess the impact thereof to our operations, such developments cannot be accurately predicted and could have an adverse effect on the Corporation's business, operations or profitability.

Our business may be affected by political and economic instability.

We may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates, and high rates of inflation. Changes in medical and agricultural development or investment policies or shifts in political viewpoints of certain countries may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people, and water use. The effect of these factors cannot be accurately predicted.

We rely on international advisors and consultants in foreign jurisdictions.

The legal and regulatory requirements in the foreign countries in which we currently or intend to operate are different from those in Canada. Our officers and directors must rely, to a great extent, on local legal counsel and consultants in order to ensure our compliance with material legal, regulatory and governmental developments as they pertain to and affect our business operations, to assist with governmental relations and enhance our understanding of and appreciation for the local business culture and practices. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond our control. The impact of any such changes may adversely affect our business, financial condition and operations.

Failure to comply with the Corruption of Foreign Public Officials Act (Canada) ("CFPOA") and the Foreign Corrupt Practices Act (United States) ("FCPA"), as well as the anti-bribery laws of the other nations in which we conduct business, could subject us to penalties and other adverse consequences.

We are subject to the CFPOA and the FCPA, which generally prohibit companies and their employees from engaging in bribery, kickbacks or making other prohibited payments to foreign officials for the purpose of obtaining or retaining business. The CFPOA and the FCPA also require companies to maintain accurate books and records and internal controls, including at foreign controlled subsidiaries. In addition, we are subject to other anti-bribery laws of other countries in which we conduct, or will conduct, business that apply similar prohibitions as the CFPOA and FCPA (e.g. the Organization for Economic Co-operation and Development Anti-Bribery Convention). Our employees or other agents may, without our knowledge and despite our efforts, engage in prohibited conduct under our policies and procedures and the CFPOA, the FCPA or other anti-bribery laws to which we may be subject for which we may be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

We may be subject to uninsured or uninsurable risks.

While we may have insurance to protect our assets, operations and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we are exposed. No assurance can be given that such insurance will be adequate to cover our liabilities or that it will be available in the future or, at all, and that it will be commercially justifiable. We may be subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our

normal business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

We may be subject to product liability claims.

As a manufacturer and distributor of products designed to be inhaled and ingested by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that the products produced by us caused or contributed to injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against us could result in increased costs, adversely affect our reputation and goodwill with our customers, and could have a material adverse effect on our business, financial condition and results of operations. There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of such products.

Our cannabis products may be subject to recalls for a variety of reasons.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by us are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits, whether frivolous or otherwise. Additionally, if any of the products produced by us were subject to recall, the reputation and goodwill of that product and/or us could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on our business, financial condition and results of operations. Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada or other regulatory agencies, requiring further management attention, increased compliance costs and potential legal fees, fines, penalties and other expenses. Furthermore, any product recall affecting the cannabis industry more broadly could lead consumers to lose confidence in the safety and security of the products sold by holders of licenses under the *Cannabis Act* generally, which could have a material adverse effect on our business, financial condition and results of operations.

We may become party to litigation, mediation and/or arbitration from time to time.

We may become party to regulatory proceedings, litigation, mediation and/or arbitration from time to time in the ordinary course of business which could adversely affect our business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While we have insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact our business, operating results or financial condition. Litigation may also create a negative perception of our company. Any decision resulting from any such litigation could have a materially adverse impact on our business and company.

The transportation of our products is subject to security risks and disruptions.

We depend on fast, cost-effective and efficient courier services to distribute our product to both wholesale and retail customers. Any prolonged disruption of these courier services could have an adverse effect on our financial condition and results of operations. Rising costs associated with the courier service we use to ship our products may also adversely impact our business and our ability to operate profitably.

Due to the nature of our products, security during transportation is of the utmost concern. Any breach of the security measures during the transport or delivery of our products, including any failure to comply with recommendations or requirements of government regulators, whether intentional or not, could have a materially adverse impact on our ability to continue operating under our current licenses and may potentially impact our ability to renew such licenses.

Our business is subject to the risks inherent in agricultural operations.

Since our business revolves mainly around the growth and processing of cannabis, an agricultural product, the risks inherent with agricultural businesses apply to our business. Such risks may include disease and insect pests, among others. Cannabis growing operations consume considerable energy, which makes our operations vulnerable to rising energy costs. Accordingly, any rise in energy costs may have a material adverse effect on our ability to produce cannabis.

Although we currently grow and expect to grow the significant majority of our product in climate controlled, monitored, indoor locations, some of our production takes place outdoors and there is no guarantee that changes in outside weather and climate will not adversely affect such production. Like other agricultural products, the quality of cannabis grown outdoors is affected by weather and the environment, which can change the quality or size of the harvest. If a weather event is particularly severe, such as a major drought or hurricane, the affected harvest could be destroyed or damaged to an extent that results in lost revenues. In addition, other items may affect the marketability of cannabis grown outdoors, including, among other things, the presence of non-cannabis related material, genetically modified organisms and excess residues of pesticides, fungicides and herbicides. High degrees of quality variance can affect processing velocity and capacity utilization, as the process required to potentially upgrade lower quality product requires significant time and resources. There can be no assurance that natural elements will not have a material adverse effect on the production of our products and ultimately our business, financial condition and operations.

Our operations are subject to various environmental and employee health and safety regulations.

Our operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air, and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. We incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain an environmental compliance approval under applicable regulations or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations or give rise to material liabilities, which could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to protect our intellectual property.

Our success depends in part on our ability to protect our ideas and technology. Even if we move to protect our technology with trademarks, patents, copyrights or by other means, we are not assured that competitors will not develop similar technology and business methods or that we will be able to exercise our legal rights. Other countries may not protect intellectual property rights to the same standards as does Canada, particularly in the United States where cannabis remains federally illegal. Policing the unauthorized use of current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions may have a materially adverse impact our ability to successfully grow our business. An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the Corporation's business, financial condition and results of operations.

We may experience breaches of security at our facilities or in respect of electronic documents and data storage and may face risks related to breaches of applicable privacy laws.

Given the nature of our product and its lack of legal availability outside of channels approved by the Government of Canada, as well as the concentration of inventory in our facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of our facilities could expose us to additional liability, potentially costly litigation, increased expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing our products.

In addition, we collect and store personal information about our customers and are responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Data theft for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through a deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on our business, reputation, financial condition and results of operations.

Furthermore, there are a number of federal and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the *Personal Information Protection and Electronics Documents Act* (Canada) ("PIPEDA"), protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If we were found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of patient health information, we could be subject to sanctions and civil or criminal penalties, which could increase our liabilities, harm our reputation and have a material adverse effect on our business, results of operations and financial condition.

We may be subject to risks related to our information technology systems, including cyber-attacks.

We have entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with our operations. Our operations depend, in part, on how well we and our suppliers protect networks,

equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems, depending on the nature of any such failure, could adversely impact our reputation and results of operations.

Cyber-attacks could result in important remediation costs, increased cyber security costs, lost revenues due to a disruption of activities, litigation and reputational harm affecting customer and investor confidence, which ultimately could materially adversely affect our business, financial results and operations.

We have not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

We may not be able to successfully identify and execute future acquisitions or dispositions, or to successfully manage the impacts of such transactions on our operations.

Over the past 24 months, we have completed a number of significant acquisitions, including our acquisitions of MedReleaf and CanniMed. Material acquisitions, dispositions, and other strategic transactions involve a number of risks, including: (i) potential disruption of our ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully, or at all, or may take longer to realize than expected; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain of our assets.

The presence of one or more material liabilities and/or commitments of an acquired company that are unknown to us at the time of acquisition could have a material adverse effect on our results of operations, business prospects and financial condition. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our existing operations.

As a holding company, Aurora Cannabis Inc. is dependent on its operating subsidiaries to pay dividends and other obligations.

Aurora Cannabis Inc. is a holding company. Essentially all of our operating assets are the capital stock of the Company's subsidiaries and substantially all of our business is conducted through subsidiaries which are separate legal entities. Consequently, our cash flows and ability to pursue future business and expansion opportunities are dependent on the earnings of our subsidiaries and the distribution of those earnings to us. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us.

The price of our common shares has historically been volatile. This volatility may affect the value of your investment in Aurora, the price at which you could sell our common shares and the sale of substantial amounts of our common shares could adversely affect the price of our common shares and the value of your convertible debentures/notes.

The market price for common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following:

- actual or anticipated fluctuations in the Company's results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the same industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on the Company's outstanding common shares;
- sales or perceived sales of additional Company common shares;
- operating and financial performance that varies significantly from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry, business and operations;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations in the costs of vital production inputs, materials and services;
- changes in global financial markets, global economies and general market conditions, such as interest rates and product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values, or prospects of such companies. Such volatility has been particularly evident with regards to the share prices of medical cannabis companies that are public issuers in Canada. Accordingly, the market price of the Company's common shares may decline even if our operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely impacted, and the trading price of the Company's common shares may be materially adversely affected.

Future sales or issuances of equity securities could decrease the value of our Common Shares, dilute investors' voting power and reduce our earnings per share.

We may sell or issue additional equity securities in subsequent offerings (including through the sale of securities convertible into equity securities and may issue equity securities in acquisitions). We cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of our securities will have on the market price of our common shares.

Additional issuances of our securities may involve the issuance of a significant number of common shares at prices less than the current market prices. Issuances of a substantial number of common shares, or the perception that such issuances could occur, may adversely affect prevailing market prices of our common shares. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, may result in significant dilution to security holders.

Sales of substantial amounts of our securities by us or our existing shareholders, or the availability of such securities for sale, could adversely affect the prevailing market prices for our securities and dilute investors' earnings per share. Exercises of presently outstanding share options or warrants may also result in dilution to security holders. A decline in the market prices of our securities could impair our ability to raise additional or sufficient capital through the sale of securities should we desire to do so.

Our management will have substantial discretion concerning to the use of proceeds from future share sales and financing transactions.

Our management will have substantial discretion concerning the use of proceeds from any future share sales and financing transactions, as well as the timing of the expenditure of the proceeds thereof. As a result, investors will be relying on the judgment of management as to the specific application of the proceeds of any future sales. Management may use the net proceeds in ways that an investor may not consider desirable. The results and effectiveness of the application of the net proceeds are uncertain.

The regulated nature of our business may impede or discourage a takeover, which could reduce the market price of our common shares and the value of your convertible debentures/notes.

We require and hold various government licenses to operate our business, which would not necessarily continue to apply to an acquirer of our business following a change of control. These licensing requirements could impede a merger, amalgamation, takeover or other business combination involving us or discourage a potential acquirer from making a tender offer for our common shares, which, under certain circumstances, could reduce the market price of our common shares.

There is no assurance we will continue to meet the listing standards of the NYSE and the TSX.

We must meet continuing listing standards to maintain the listing of our Common Shares on the NYSE and the TSX. If we fail to comply with listing standards and the NYSE and/or the TSX delists our Common Shares, we and our shareholders could face significant material adverse consequences, including:

- a limited availability of market quotations for our common shares;
- reduced liquidity for our common shares;
- a determination that our common shares are "penny stock", which would require brokers trading in our common shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our common shares;
- a limited amount of news and analyst coverage of us; and
- a decreased ability for us to issue additional equity securities or obtain additional equity or debt financing in the future.

As a public company, the business is subject to evolving corporate governance and public disclosure regulations that may from time to time increase both the Company's compliance costs and the risk of non-compliance, which could adversely impact the price of the common shares.

If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately and reliably report our financial results or prevent fraud. As a result, investors may lose confidence in our ability to report financial and other information, which may harm our business, the trading price of our common shares and market value of other securities.

Under Section 404 of the Sarbanes-Oxley Act ("SOX"), we will be required to design, document and test the effectiveness of our internal controls over financial reporting ("ICFR") during the fiscal year ended June 30, 2020. There is no assurance that our efforts to develop and maintain our internal controls will be successful or sufficient to meet our obligations under SOX. Effective internal controls are required for us to accurately and reliably report our financial results and other financial information. Any failure to design, develop

or maintain effective controls; or difficulties encountered in implementing, improving or remediating lapses in internal controls may affect our ability to prevent fraud, detect material misstatements, and fulfill our reporting obligations. As a result, investors may lose confidence in our ability to report timely, accurate and reliable financial and other information, which may expose us to certain legal or regulatory actions, thus negatively impacting our business, the trading price of our common shares and market value of other securities.

The Company is a Canadian company and shareholder protections may differ from shareholder protections in the United States and elsewhere.

We are organized and exist under the laws of British Columbia, Canada and, accordingly, are governed by the BCBCA. The BCBCA differs in certain material respects from laws generally applicable to United States corporations and shareholders, including the provisions and proceedings relating to interested directors, mergers, amalgamations, restructuring, takeovers, shareholders' suits, indemnification of directors, and inspection of corporation records.

The Company is a foreign private issuer within the meaning of the rules under the U.S. Exchange Act, and as such is exempt from certain provisions applicable to United States domestic issuers.

Because we are a "foreign private issuer" under the U.S. Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the U.S. Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- the sections of the U.S. Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of securities registered under the U.S. Exchange Act;
- the sections of the U.S. Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material non-public information under Regulation FD.

We are required to file an annual report on Form 40-F with the United States Securities and Exchange Commission within three months of the end of each fiscal year. We do not intend to voluntarily file annual reports on Form 10-K and quarterly reports on Form 10-Q in lieu of Form 40-F requirements. For so long as we choose to only comply with foreign private issuer requirements, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information which would be made available to you if you were investing in a U.S. domestic issuer.

Potential U.S. entry restrictions.

A foreign visitor who is involved either directly or indirectly in the cannabis industry may be subject to increased border scrutiny when attempting to enter the United States. Multiple states have legalized aspects of cannabis production, sale and consumption; however, cannabis remains illegal federally in the United States. The U.S. Customs and Border Protection previously advised that border agents may deem a foreign visitor who is involved, either directly or indirectly, in a state-legal cannabis industry as inadmissible. While unassociated trips to the United States may not result in problems entering the U.S., a foreign visitor attempting to enter the U.S. to proliferate cannabis-associated business may be deemed inadmissible, at the discretion of the border agents.

Participants in the cannabis industry may have difficulty accessing the service of banks and financial institutions, which may make it difficult for us to operate.

Because cannabis remains illegal federally in the United States, U.S. banks and financial institutions remain wary of accepting funds from businesses in the cannabis industry, as such funds may technically be considered proceeds of crime. Consequently, businesses involved in the cannabis industry continue to have trouble establishing banking infrastructure and relationships. The inability or limitation on our ability to open or maintain a bank account in the U.S. or other foreign jurisdictions, obtain other banking services and/or accept credit card and debit card payments may make it difficult to operate and conduct business in the United States or other foreign jurisdictions.

Internal Controls over Financial Reporting

There were no significant changes in Aurora's internal controls over financial reporting ("ICFR") during the period covered by this MD&A that materially affected, or are reasonably likely to materially affect, the Company's ICFR, except to the extent they relate to internal controls of acquired entities. Given the fast pace of ongoing expansion of the business, management has also performed additional account reconciliations and other analytical and substantive procedures to ensure reliable financial reporting and the preparation of financial statements in accordance with IFRS.

Aurora has limited the scope of the design of disclosure controls and procedures and ICFR to exclude controls, policies, and procedures over entities that are proportionately consolidated and those that were acquired by the Company not more than 365 days before the end of the financial period. The entities controlled by Aurora but were scoped out of the design of controls and procedures and ICFR include:

- Hempco (acquired November 14, 2017 with 51.4% interest held at June 30, 2019);
- Aurora Nordic (51% interest acquired February 12, 2018);
- MedReleaf (acquired July 25, 2018);
- Anandia (acquired August 8, 2018);

- Agropro (acquired September 10, 2018);
- Borela (acquired September 10, 2018);
- ICC (acquired November 22, 2018);
- Whistler (acquired March 1, 2019); and
- Chemi Pharmaceuticals Inc. (acquired April 24, 2019).

Excluding goodwill and intangible assets generated from these entities, on a combined basis these entities constitute approximately 18% of the Company's current assets, 24% of total assets, 9% of current liabilities, 13% of total liabilities, as well as 46% of revenue and 17% of net income as at and for the twelve months ended June 30, 2019.

Cautionary Statement Regarding Forward-Looking Statements

This MD&A contains certain statements which may constitute "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities law requirements (collectively, "forward-looking statements" or "FLS"). These forward-looking statements are made as of the date of this MD&A and the Company does not intend, and does not assume any obligation, to update these FLS, except as required under applicable securities legislation. FLS relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, FLS can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature FLS involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the FLS. The Company provides no assurance that FLS will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on FLS. Certain FLS in this MD&A include, but are not limited to the following:

- pro forma measures including revenue, registered medical patients and grams produced;
- the completion of construction of production facilities, associated costs, and receipt of licenses from Health Canada to produce and sell cannabis and cannabis related products from these facilities;
- the successful integration of CanniMed and MedReleaf and other subsidiaries into Aurora's operations;
- strategic investments and capital expenditures, and related benefits;
- future growth expansion plans;
- expectations regarding production capacity, costs and yields; and
- product sales expectations and corresponding forecasted increases in revenues.

The above and other aspects of the Company's anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these FLS are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such FLS are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. These risks include, but are not limited to, the ability to retain key personnel, the ability to continue investing in infrastructure to support growth, the ability to obtain financing on acceptable terms, the continued quality of our products, customer experience and retention, the development of third party government and non-government consumer sales channels, management's estimates of consumer demand in Canada and in jurisdictions where the Company exports, expectations of future results and expenses, the availability of additional capital to complete construction projects and facilities improvements, the risk of successful integration of acquired business and operations, management's estimation that selling, general and administrative expense ("SG&A") will grow only in proportion of revenue growth, the ability to expand and maintain distribution capabilities, the impact of competition, the general impact of financial market conditions, the yield from marijuana growing operations, product demand, changes in prices of required commodities, competition, and the possibility for changes in laws, rules, and regulations in the industry, the "*Risk Factors*" section of the MD&A, as well as updates provided herein.

Cautionary Statement Regarding Certain Performance Measures

This MD&A contains certain financial performance measures that are not recognized or defined under IFRS (termed "Non-GAAP Measures"). As a result, this data may not be comparable to data presented by other licensed producers and cannabis companies. For an explanation of these measures to related comparable financial information presented in the consolidated financial statements prepared in accordance with IFRS, refer to the discussion below. The Company believes that these Non-GAAP Measures are useful indicators of operating performance and are specifically used by management to assess the financial and operational performance of the Company. These Non-GAAP Measures include, but are not limited, to the following:

- Cash cost of sales of dried cannabis sold is calculated by taking the cost of sales, excluding the effect of changes in the FV of biological assets and inventory, and deducting non-cash production costs, cannabis extract conversion costs, cost of accessories, cost of products purchased from other Licensed Producers that were sold, and cost of sales from non-cannabis producing subsidiaries. Cash cost of sales per gram of dried cannabis sold is calculated by taking cash cost of sales of dried cannabis sold divided by total grams of dried cannabis sold in the period that was produced by Aurora. Management believes these measures provide useful information about the efficiency of production and fulfillment for our core cannabis operations.
- Cash cost to produce dried cannabis sold is equal to cash cost of sales of dried cannabis sold less packaging costs (i.e. post-production costs). Cash cost to produce per gram of dried cannabis sold is calculated by taking cash cost to produce

dried cannabis sold divided by total grams of dried cannabis sold in the period that was produced by Aurora. Management believes these measures provide useful information about the efficiency of our production of cannabis.

- Cannabis net revenue represents revenue from the sale of cannabis products, excluding excise taxes and revenues from patient counseling services, design, engineering and construction services, and analytical testing services. Cannabis net revenue is further broken down as follows:
    - Medical cannabis net revenue represents cannabis net revenue for medical cannabis sales only, excluding wholesale bulk cannabis net revenue.
    - Consumer cannabis net revenue represents cannabis net revenue for consumer cannabis sales only.
    - Wholesale bulk cannabis net revenue represents cannabis net revenue for wholesale bulk cannabis only.

  Management believes the cannabis net revenue measures provide more specific information about the net revenue purely generated from our core cannabis business and by market type.
- Average net selling price per gram and gram equivalent is calculated by taking cannabis net revenue divided by total grams and grams equivalent of cannabis sold in the period. Average net selling price per gram and gram equivalent is further broken down as follows:
    - Average net selling price per gram of dried cannabis represents the average net selling price per gram for dried cannabis sales only, excluding wholesale bulk cannabis sold in the period.
    - Average net selling price per gram equivalent of cannabis extracts represents the average net selling price per gram equivalent for cannabis extracts only, excluding wholesale bulk cannabis extracts sold in the period.
    - Average net selling price per gram and gram equivalent of medical cannabis represents the average net selling price per gram and gram equivalent for dried cannabis and cannabis extracts sold in the medical market.
    - Average net selling price per gram and gram equivalent of consumer cannabis represents the average net selling price per gram and gram equivalent for dried cannabis and cannabis extracts sold in the consumer market.
    - Average net selling price per gram and gram equivalent of wholesale bulk cannabis represents the average net selling price per gram and gram equivalent of wholesale bulk cannabis and cannabis extracts sold in the period. Wholesale bulk cannabis sales are not subject to excise taxes.

  Management believes the average net selling price per gram or gram equivalent measures provide more specific information about the pricing trends over time by product and market type.
- Gross profit before FV adjustments on cannabis net revenue is calculated subtracting (i) cost of sales, before the effects of changes in FV of biological assets and inventory, and (ii) cost of sales from non-cannabis producing subsidiaries, from total cannabis net revenue. Gross margin before FV adjustments on cannabis net revenue is calculated by dividing gross profit before FV adjustments on cannabis net revenue divided by cannabis net revenue. Gross profit and gross margin before FV adjustments on cannabis net revenue is further broken down as follows:
    - Gross profit and gross margin before FV adjustments on medical cannabis net revenue represents gross profit and gross margin before FV adjustments on sales generated in the medical market only.
    - Gross profit and gross margin before FV adjustments on consumer cannabis net revenue represents gross profit and gross margin before FV adjustments on sales generated in the consumer market only.
    - Gross profit and gross margin before FV adjustments on wholesale bulk cannabis net revenue represents gross profit and gross margin before FV adjustments on sales generated from wholesale bulk cannabis only.

  We believe that these measures provide useful information to assess the profitability of our cannabis operations as it excludes the effects of non-cash FV adjustments on inventory and biological assets, which are required by IFRS.
- Adjusted EBITDA is calculated as net income (loss) excluding interest income (expense), accretion, income taxes, depreciation, amortization, changes in fair value of inventory sold, changes in fair value of biological assets, share-based compensation, foreign exchange, changes in fair value of financial instruments, gains and losses on deemed disposal, and non-cash impairment of equity investments, goodwill, and other assets. Adjusted EBITDA is intended to provide a proxy for the Company's operating cash flow and is widely used by industry analysts to compare Aurora to its competitors, and derive expectations of future financial performance for Aurora. Adjusted EBITDA increases comparability between comparative companies by eliminating variability resulting from differences in capital structures, management decisions related to resource allocation, and the impact of FV adjustments on biological assets and inventory and financial instruments, which may be volatile and fluctuate significantly from period to period.

Non-GAAP measures should be considered together with other data prepared accordance with IFRS to enable investors to evaluate the Company's operating results, underlying performance and prospects in a manner similar to Aurora's management. Accordingly, these non-GAAP measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Corporate Directory

DIRECTORS

Michael Singer
Executive Chairman

Norma Beauchamp
Director

Terry Booth
CEO, Aurora Cannabis

Steve Dobler
President, Aurora Cannabis

Shan Atkins
Director

Dr. Jason Dyck
Director

Ronald Funk
Director

Adam Szweras
Director

OFFICERS

Terry Booth
Chief Executive Officer

Steve Dobler
President

Michael Singer
Executive Chairman

Neil Belot
Chief Business Development Officer

Cam Battley
Chief Corporate Officer

Glen Ibbott
Chief Financial Officer

Allan Cleiren
Chief Operations Officer

Darryl Vleeming
Chief Information Officer

Debra Wilson
Chief Human Resources Officer

Darren Karasiuk
Chief Commercial Officer

Jonathan Page
Chief Science Officer

Jillian Swainson
Chief Legal Officer & Corporate Secretary

SHAREHOLDER INFORMATION

Stock Exchange Listing
TSX | NYSE: ACB

Registrar and Transfer Agent
Computershare Ltd. Vancouver
510 Burrard St, 3rd Floor
Vancouver, BC V6C 3B9
Tel.: 1-604-661-9400
Fax: 1-604-661-9549

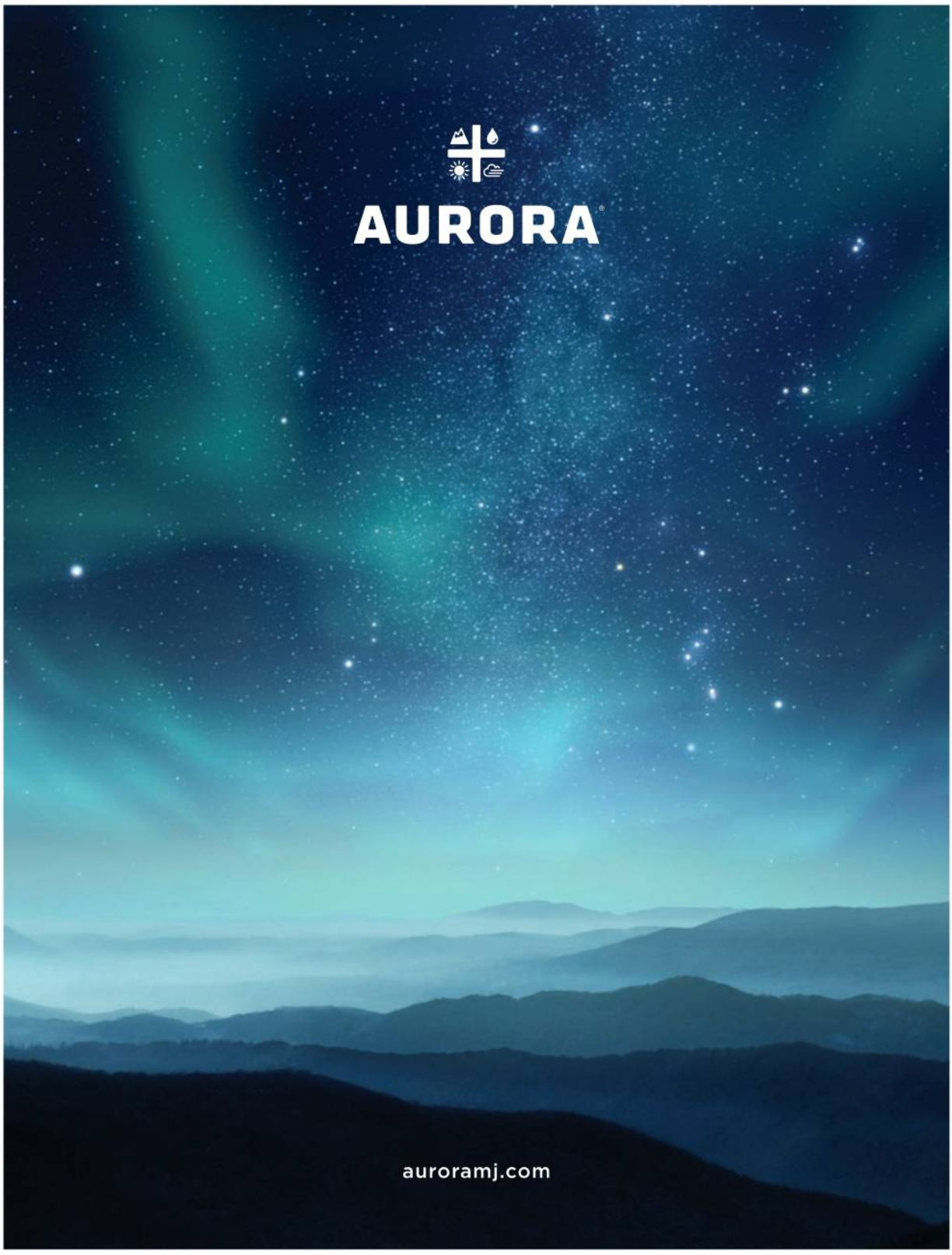
Auditors
KPMG

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Robert Kelly
Director, Investor Relations

Ananth Krishnan
Vice President, Capital Markets & Investor Relations


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auroramj.com

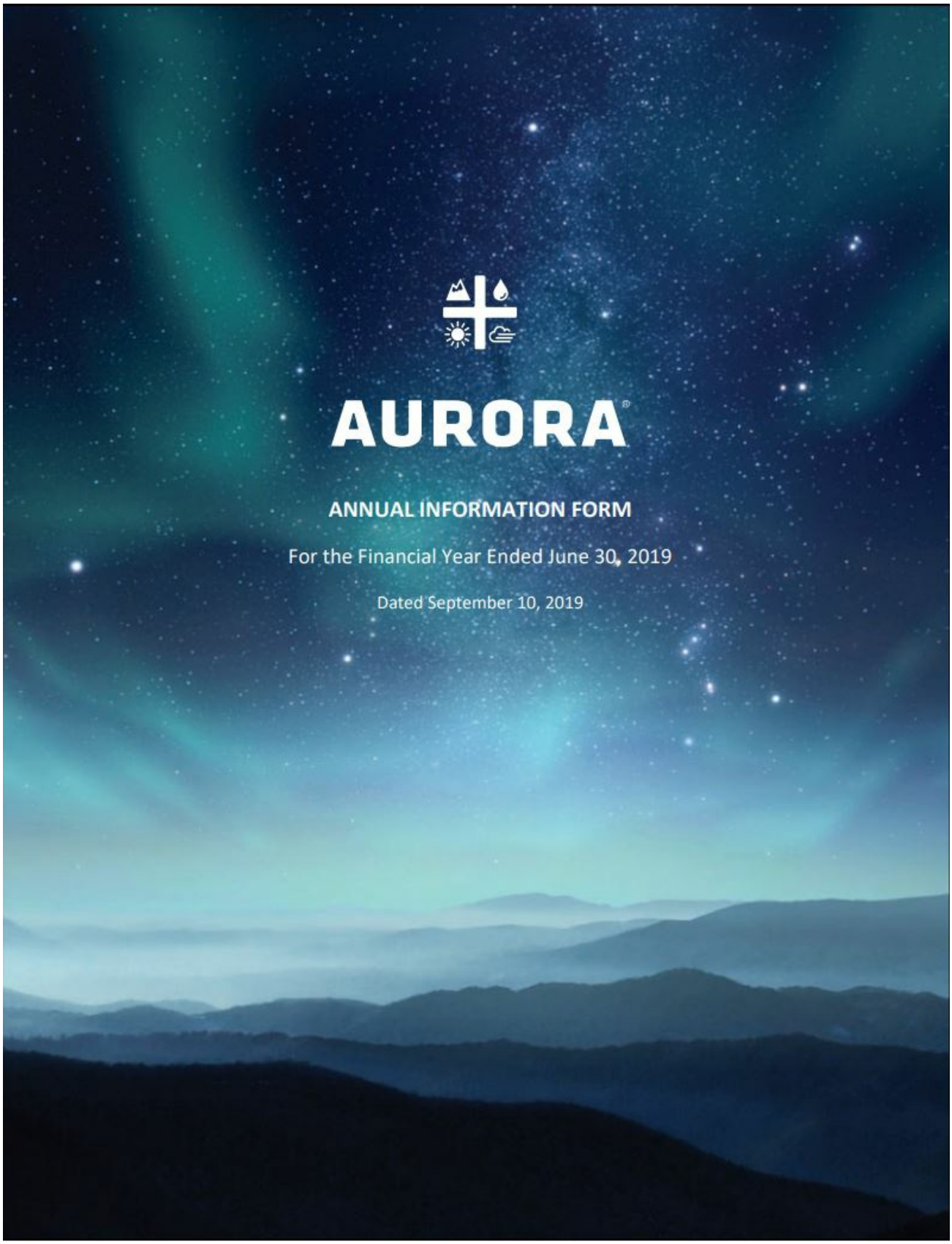

AURORA®
ANNUAL INFORMATION FORM
For the Financial Year Ended June 30, 2019
Dated September 10, 2019

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ANNUAL INFORMATION FORM

In this Annual Information Form, unless otherwise noted or the context indicates otherwise, the "Company", "Aurora", "we", "us" and "our" refer to Aurora Cannabis Inc. and its subsidiaries.

All financial information in this Annual Information Form is prepared in Canadian dollars, unless otherwise indicated, and using International Financial Reporting Standards as issued by the International Accounting Standards Board. The information contained herein is dated as of September 10, 2019, unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This Annual Information Form contains certain statements which may constitute "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities law requirements (collectively, "**forward-looking statements**"). These forward-looking statements are made as of the date of this Annual Information Form and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Certain forward-looking statements and information in this Annual Information Form include, but are not limited to the following:

- the completion of construction of production facilities, associated costs, and receipt of licenses from Health Canada to produce and sell cannabis and cannabis-related products from these facilities;
- strategic investments and capital expenditures, and related benefits;
- future growth expansion plans;
- expectations regarding production capacity, costs and yields; and
- product sales expectation revenue.

The above and other aspects of the Company's anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such forward-looking statements are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. Such factors include but are not limited to the Company's ability to obtain the necessary financing and the general impact of financial market conditions, the yield from cannabis growing operations, product demand, changes in prices of required commodities, competition, government regulations and other risks as set out under "Risk Factors" contained herein.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Annual Information Form.

"**1769474**" means 1769474 Alberta Ltd., a wholly owned subsidiary of AMI;

"**ABCA**" means *Business Corporations Act* (Alberta);

"**ACE**" means Aurora Cannabis Enterprises Inc., a wholly owned subsidiary of AMI;

"**ACMPR**" means *Access to Cannabis for Medical Purposes Regulations* ;

"**AIF**" or "**Annual Information Form**" means this annual information form of the Company dated September 10, 2019 for the year ended June 30, 2019;

"**Alcanna**" means Alcanna Inc.;

"**ALPS**" means Aurora Larssen Projects Inc., a wholly owned subsidiary the Company;

"**AMI**" means Aurora Marijuana Inc., a wholly owned subsidiary of the Company;

"**Anandia**" means Anandia Laboratories Inc., a wholly owned subsidiary of the Company;

"**App**" means the Company's mobile application for the purchase of medical cannabis;

"**Aurora**" or the "**Company**" means Aurora Cannabis Inc.;

"**Aurora Deutschland**" means Aurora Deutschland GmbH (formerly Pedanios GmbH), a wholly owned subsidiary of the Company;

"**Aurora Eau**" means the facility located in Lachute, Quebec;

"**Aurora Mountain**" means the Company's production facility in Mountain View County near Cremona, Alberta;

"**Aurora Nordic**" means Aurora Nordic Cannabis A/S, a wholly owned subsidiary of the Company;

"**Aurora Nordic 1**" means Aurora' Nordic's 100,000 square foot production facility located in Odense, Denmark;

"**Aurora Nordic 2**" means Aurora Nordic's 1,000,000 square foot production facility currently under construction located in Odense, Denmark;

"**Aurora Polaris**" means the 300,000 square foot expansion at the Edmonton International Airport that is currently under construction;

"**Aurora Portugal**" means Aurora Portugal Lda. (previously Gaia Pharm Lda.), a majority owned subsidiary of the Company and an applicant to become a licensed producer in Portugal that holds permits to construct a cannabis cultivation facility;

"**Aurora Prairie**" means the Company's bio-secure growth facility located in Saskatoon, Saskatchewan;

"**Aurora Ridge**" means the Company's 55,000 square foot facility located in in Markham, Ontario;

"**Aurora River**" means the Company's 210,000 square foot indoor cultivation facility located in Bradford, Ontario;

"**Aurora Sky**" means the Company's production facility located in Nisku, Alberta, at the Edmonton International Airport;

"**Aurora Sun**" means the Company's production facility located in Medicine Hat, Alberta that is currently under construction;

"**Aurora Vie**" means the Company's 40,000 square foot cannabis production facility located in Pointe-Claire, Quebec;

"**BCBCA**" means the *Business Corporations Act* (British Columbia);

"**BCNL**" means BC Northern Lights Enterprises Ltd., a wholly-owned subsidiary of the Company;

"**Board**" means the Board of Directors of the Company;

"**Cannabis Act**" means the *Cannabis Act* (S.C. 2018, c. 16), which came into effect on October 17, 2018 in respect of the regulation of the consumer use of cannabis nationwide in Canada;

"**CanniMed**" means CanniMed Therapeutics Inc., a wholly-owned subsidiary of the Company;

"**Cann Group**" means Cann Group Limited;

"**CanvasRx**" means CanvasRx Inc., a wholly owned subsidiary of the Company;

"**CBD**" means cannabidiol, an active ingredient and one of the primary cannabinoids derived from cannabis plants;

"**Common Shares**" means common shares in the capital of the Company;

"**EU GMP**" mean European Union Good Manufacturing Practice;

"**Health Canada**" is the Canadian Ministry of Health for Canada having regulatory oversight over and administration of the Cannabis Act and the ACMPR;

"**Hempco**" means Hempco Food and Fiber Inc., a wholly-owned subsidiary of the Company;

"**ICC**" means ICC Labs Inc., a wholly-owned subsidiary of the Company;

"**KPMG**" means KPMG LLP, the Company's auditors;

"**Licensed Producer**" means an entity that holds all valid licenses in the jurisdiction it operates to cultivate cannabis;

"**MedReleaf**" means MedReleaf Corp., a wholly-owned subsidiary of the Company;

"**MedReleaf Exeter**" means the Company's 1,000,000 square foot facility located in Exeter, Ontario;

"**NI 51-102**" means National Instrument 51-102;

"**NI 52-110**" means National Instrument 52-110;

"**NYSE**" means the New York Stock Exchange;

"**Peloton**" means Peloton Pharmaceuticals Inc., a wholly owned subsidiary of the Company;

"**Radient**" means Radient Technologies Inc.;

"**TSX**" means the Toronto Stock Exchange;

"**TSXV**" means the TSX Venture Exchange;

"**UCI**" means Urban Cultivator Inc., a wholly-owned subsidiary of the Company;

"**U.S.**" or "**United States**" means United States of America;

"**UFC®**" means the Ultimate Fighting Championship;

"**VWAP**" means volume weighted average price; and

"**Whistler**" means Whistler Medical Marijuana Inc., a wholly-owned subsidiary of the Company.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated under the BCBCA on December 21, 2006. Effective October 2, 2014, the Company changed its name to Aurora Cannabis Inc.

The head office of Aurora is located at Suite 500 – 10355 Jasper Avenue, Edmonton, Alberta, Canada, T5J 1Y6. The registered office of Aurora is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

The Common Shares are listed on the TSX and NYSE under the trading symbol "ACB", on the OTCBB under the symbol "ACBFF" and on the Frankfurt Stock Exchange under the symbol "21P". Aurora is a reporting issuer in Canada in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, and is reporting in the U.S. under the Securities Act of 1933.

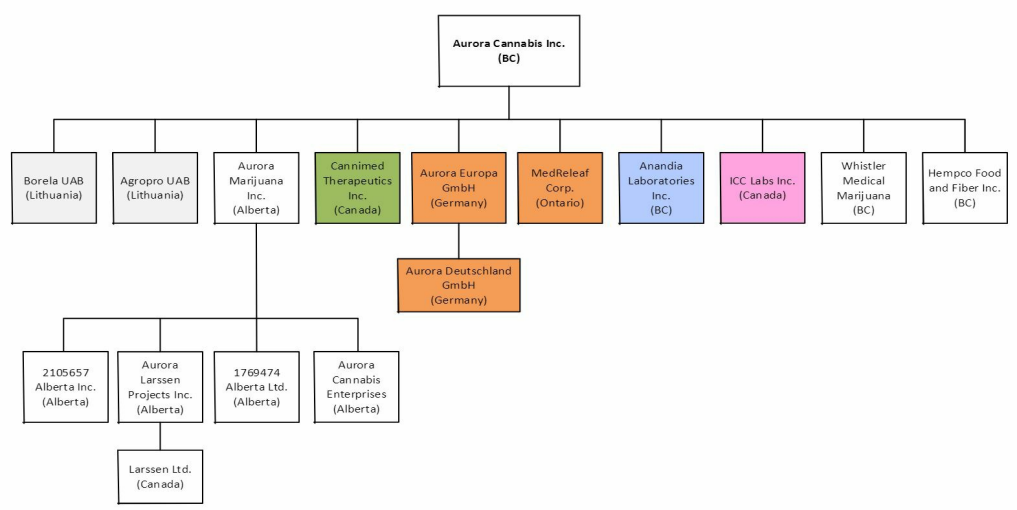
Intercorporate Relationships

As of the date of this AIF, the Company operates its businesses through wholly-owned subsidiaries, which includes the following material subsidiaries:

- Aurora Marijuana Inc., a holding company, which was incorporated under the ABCA on September 5, 2013.
- Aurora Cannabis Enterprises Inc., a holder of license(s) under the *Cannabis Act*, which was incorporated under the ABCA on June 17, 2013.
- 1769474 Alberta Ltd., a holding company and the entity that leases the lands for some of our production facilities, which was incorporated under the ABCA on August 20, 2013.
- 2105657 Alberta Inc., a holding company and the entity that is holding land for the construction for the Aurora Sun production facility, which was incorporated under the ABCA on March 15, 2018.
- Agropro UAB ("**Agropro**"), a company incorporated under the laws of Lithuania and a producer, processor and supplier of certified organic hemp and hemp products, which we acquired on September 10, 2018.
- Borela UAB ("**Borela**"), a company incorporated under the laws of Lithuania and a producer, processor and supplier of organic hulled hemp seeds, hemp seed protein, hemp flour and hemp seed oil, which we acquired on September 10, 2018.
- Aurora Europe GmbH, a limited liability company incorporated under the laws of Germany, organized in May 2017.
- Aurora Deutschland GmbH, a limited liability company under German law, which is a registered wholesale importer, exporter and distributor of medical cannabis in Germany and which we acquired on May 30, 2017.
- Aurora Larssen Projects Inc., which was incorporated under the ABCA on December 4, 2017 and which acquired Larssen Ltd., a consulting company for advanced greenhouse cultivation facilities.
- CanniMed Therapeutics Inc., a producer of various cannabis products, which was incorporated under the *Canada Business Corporations Act* on October 31, 2016 and which we acquired on May 1, 2018.
- MedReleaf Corp., a producer of various cannabis products, which was incorporated under the *Business Corporations Act* (Ontario) on February 28, 2013 and which we acquired on July 25, 2018.
- Anandia Laboratories Inc., a research and development company, incorporated under the BCBCA, providing scientific research to the Company and testing services to patients and patient cultivars, which we acquired on August 8, 2018.
- ICC Labs Inc., a company incorporated under the BCBCA which we acquired on November 22, 2018, and which, through its subsidiaries, is a producer of cannabis in Uruguay.

- Whistler, a company incorporated under the BCBCA which holds the Whistler Facility and the Pemberton Facility, and which we acquired on March 1, 2019.
- Hempco, a company that owns Hempco Canada Superfoods Inc., which is a producer of hemp products and which we acquired effective August 19, 2019.

The following chart sets out the material intercorporate relationships of Aurora:



GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

Developments during the Financial Year ended June 30, 2017

- On August 17, 2016, the Company completed the acquisition of all of the issued and outstanding shares of CanvasRx for a total consideration of $37 million.
- On August 17, 2016, the Company closed a brokered private placement of 57,500,000 subscription receipts for gross proceeds of $23,000,000.
- On September 12, 2016, the Company announced the launch of the world's first App allowing for the purchase of legal medical cannabis. The feature-rich App, which was an immediate success, runs on both Apple and Android platforms, and uses data encryption between Aurora's server and consumer devices, to ensure security and patient privacy.
- On September 28, 2016, the Company closed a brokered private placement of 10% unsecured 18-month convertible debentures in the aggregate principal amount of $15,000,000, convertible into Common Shares of the Company at a price of $1.15 per share. On October 20, 2016, the Company elected to exercise its right to convert the remaining $5,000,000 principal amount of debentures and accrued interest.
- On October 5, 2016, Aurora listed its Common Shares on the TSXV, and correspondingly delisted its Common Shares from the Canadian Securities Exchange.
- On November 1, 2016, the Company closed a brokered private placement of 8% unsecured two-year convertible debentures in the aggregate principal amount of $25,000,000, convertible into Common Shares at a price of $2.00 per share, subject to a forced conversion if the VWAP of the Common Shares equals or exceeds $3.00 per share for 10 consecutive trading days. On November 7, 2017, the Company elected to exercise its right to convert the remaining $4.12 million principal amount of debentures.
- On January 20, 2017, ACE received its license to sell cannabis oil products to registered patients under the ACMPR. On April 19, 2017, the Company generated its first sale of cannabis oil products.
- On February 28, 2017, the Company closed a private placement for gross proceeds of $75,009,375. The Company issued 33,337,500 units at a price of $2.25 per unit and each unit was comprised of one Common Share and one-half Common Share purchase warrant. On November 15, 2017, the Company elected to accelerate the expiry of 16,949,690 Common Share purchase warrants.
- On March 1, 2017, Aurora unveiled the second generation of its popular App, incorporating a number of enhanced features to provide a significantly upgraded user experience to new and existing clients of the Company. Coupled with Aurora's industry-leading same-day and next-day delivery services, the App further expands the Company's e-commerce strategy, a key differentiator in the legal cannabis market. The next generation App, which includes an updated look and feel, enables the Company to communicate directly with clients via real-time push notifications for new product releases, send automated text reminders for upcoming account renewals, and introduces clients to a new message center with personalized Aurora Newsfeed.
- On March 30, 2017, the Company's Common Shares commenced trading on the OTCQX Best Market, operated by OTC Markets Group, after delisting such Common Shares from the OTCQB. Aurora's Common Shares continued to trade under the ticker symbol "ACBFF".
- On April 28, 2017, the Company completed the acquisition of Peloton, a late-stage ACMPR applicant. Total consideration paid for the acquisition was $9,294,141, consisting of $4,717,404 in cash, 573,707 Common Shares.
- On May 2, 2017, the Company completed a private placement of 7% unsecured two-year convertible debentures in the aggregate principal amount of $75,000,000, convertible into Common Shares at a price of $3.29 per share, subject to a forced conversion if the VWAP of the Common Shares equals or exceeds $4.94 per share for 10 consecutive

trading days. On November 16, 2017, the Company elected to exercise its right to convert the remaining $73 million principal amount of debentures.

- On May 2, 2017, the Company subscribed to the IPO of Cann Group on the Australian Stock Exchange (ASX: CAN) purchasing a 19.9% stake in Cann Group. On December 4, 2017, the Company announced it had increased its ownership stake in Cann Group from 19.9% to 22.9% by participating in an underwritten placement of shares price at A$2.50 per share.
- In May 2017, Aurora acquired Aurora Deutschland, a leading wholesale importer, exporter and distributor of medical cannabis in the European Union. The Company acquired all of the issued and outstanding shares of Aurora Deutschland for a total consideration of $23.7 million consisting of €2,000,000 and 8,316,782 Common Shares.
- On June 16, 2017, the Company obtained from Health Canada a two-year renewal of Aurora's license to produce and sell dried cannabis and cannabis oils at Aurora Mountain.

Developments during the Financial Year ended June 30, 2018

- Aurora received a license to cultivate cannabis and a license to sell cannabis at its facility in Pointe Claire, Québec on October 27, 2017 and June 29, 2018, respectively.
- On July 24, 2017, the Company's Common Shares commenced trading on the TSX and delisted from the TSXV effective July 21, 2017.
- On July 28, 2017, the Company received 14,285,714 units of Radient pursuant to the mandatory conversion of the debentures issued to the Company on February 13, 2017.
- On September 29, 2017, the Company acquired BCNL and UCI, leading companies in the production and sale of proprietary systems for the indoor cultivation of cannabis, organic microgreens, vegetables and herbs. The acquisition represents an important step to serve patients who choose to grow their own cannabis and ultimately, the adult recreation market in Canada upon the anticipated legalization in October 2018, as well as provides differentiation into the rapidly growing healthy lifestyle-driven urban garden market. The Company acquired all of the issued and outstanding shares of BCNL and UCI for a total consideration of $5,512,947.
- In September 2017, the Company received its export permit issued by Health Canada, as well as provisional import status from the German Bundesopiumstelle (Federal Narcotics Bureau), to import medical cannabis products into Germany through Aurora Deutschland. On September 18, 2017, the Company shipped its first 50 kg of dried cannabis from Aurora Mountain, to Berlin-based Aurora Deutschland, with further ongoing shipments planned.
- On November 2, 2017, the Company completed a public offering and a concurrent private placement of units, raising proceeds of $69 million and $6 million, respectively. Each unit consisted of one Common Share and one Common Share warrant exercisable at a price of $4.00 per Common Share for a period of three years.
- On November 6, 2017, the Company and Radient finalized a Master Services Agreement pursuant to which Radient has agreed to perform certain services for Aurora using its Map^{TM} technology, as well as other technologies, as an independent contractor in relation to the development, commercialization and supply of standardized cannabis extracts. On December 11, 2017, the Company exercised all of its 15,856,231 common share purchase warrants of Radient for a total cost of $5,777,612. The Company also subscribed for 4,541,889 units at $1.37 per unit in Radient's private placement. As a result, the Company increased its ownership interest in Radient from 8.8% to 19.18% on an undiluted basis.
- On November 15, 2017, the Company acquired a 22.3% interest, on an undiluted basis, in Hempco through a private placement of Hempco's common shares. Additionally, the Company had an option to increase ownership of Hempco to over 50% through: (i) the exercise of 10,558,676 warrants that were issued to the Company pursuant to the private placement; and (ii) the exercise of a call option agreement to purchase up to an aggregate of 10,754,942 shares from the majority owners of Hempco. On March 22, 2018 and May 15, 2018, the Company exercised its warrants and call option right, respectively, increasing the Company's ownership interest in Hempco to 52.7%.

- On November 28, 2017, the Company completed an offering of 115,000 special warrants exercisable into convertible debentures for gross proceeds of $115 million. On January 12, 2018, the special warrants were exercised into $115 million principal amount of convertible debentures. The debentures are unsecured, bear interest at 6% per annum and mature on November 28, 2022. The principal amount of the debentures was convertible into Common Shares at $6.50 per Common Share subject to a forced conversion if after four months and one day following closing, the VWAP of the Common Shares equals or exceeds $9.00 per Common Share for 10 consecutive trading days. On October 17, 2018, the Company announced that it had elected its right to convert all of the principal amount outstanding into Common Shares and the conversion was completed on November 16, 2018.
- On November 30, 2017, the Company completed the acquisition of H2 Biopharma Inc. (" **H2**"). At the time, H2 was completing a state-of-the-art, purpose-built 48,000 square foot cannabis production facility located on 46 acres of land with significant expansion potential, which H2 has the right to acquire for $136,000. The Company acquired all of the issued and outstanding shares of H2 for aggregate consideration of $33,876,542 comprised of 1,910,339 common shares with a fair value of $15,282,704, $3,000,562 settlement of loan receivables, $14,956,545 contingent consideration payable and $636,731 in acquisition costs.
- On December 4, 2017, the Company completed the acquisition of Larssen Ltd., a Canadian company that consults on the design, engineering and construction oversight for advanced greenhouse cultivation facilities. The Company acquired all of the issued and outstanding shares of Larssen Ltd. for aggregate consideration of $3,500,000.
- On December 11, 2017 and January 4, 2018, the Company acquired an additional 7,200,000 shares and 3,194,033 shares of Cann Group, respectively, bringing the Company's total ownership interest to approximately 22.9%.
- In January 2018, Aurora Deutschland won a competitive EU-wide public tender to supply medical cannabis to the Italian government through the Ministry of Defense, which oversees medical cannabis productions and distribution in Italy. In March 2018, Aurora Deutschland delivered its first batch of medical cannabis to the Italian government.
- On January 4, 2018, Aurora signed a binding term sheet for the formation of a Danish corporation with Alfred Pedersen & Søn, pursuant to which Aurora and Alfred Pedersen & Søn agreed to incorporate Aurora Nordic. Aurora Nordic was incorporated on February 12, 2018 and Aurora owns 51% of Aurora Nordic while Scandinavian Cannabis A/S, a Danish corporation owned by APS, owns 49% of Aurora Nordic.
- On January 12, 2018, Aurora completed its investment in The Green Organic Dutchman Holdings Ltd. (" **TGOD**") with the purchase of an aggregate of $55,000,000 subscription receipts of TGOD at $1.65 per subscription receipt. Each TGOD subscription receipt converted into one unit of TGOD (a "**TGOD Unit**") effective May 2, 2018, the date the common shares of TGOD commenced trading on the TSX. Each TGOD Unit consisted of one common share and one-half of one common share purchase warrant of TGOD. Each full warrant is exercisable to acquire one common share of TGOD at the exercise price of $3.00 per common share until February 28, 2021.
- Aurora entered into a cannabis supply agreement with TGOD whereby Aurora has the right to purchase up to 20% of TGOD's annual production of organic cannabis from TGOD's Ancaster, Ontario and Valleyfield, Québec facilities. Aurora will also have the right to purchase up to 33% of TGOD's organic cannabis production from the two facilities if Aurora increases its equity ownership interest in TGOD to a minimum of 31%, on a fully-diluted basis.
- In February 2018, Aurora, through its subsidiary 2095173 Alberta Ltd., made a strategic investment in Alcanna by way of a non-brokered private placement. The Alcanna investment was structured in two phases, with an initial investment of $103,500,000 for an approximate 19.9% ownership interest in Alcanna, with an option for Aurora to increase its ownership stake up to 40% through exercising warrants granted to Aurora as part of the investment.
- On February 28, 2018, Aurora entered into a cannabis supply agreement with Shoppers Drug Mart Inc. Under the terms of the agreement, Aurora shall sell cannabis products to SDM after SDM receives all applicable regulatory approvals to sell such cannabis products under the Cannabis Act, in accordance with purchase orders delivered by SDM to Aurora from time to time.
- On March 9, 2018, the Company completed a private placement of two-year unsecured convertible debentures in the aggregate principal amount of $230,000,000. The debentures bear interest at 5% per annum, payable semi-annually. The debentures are convertible into Common Shares at a price of $13.05 per Common Share subject to a

forced conversion if the VWAP of the Common Shares exceeded $17.00 per Common Share for 10 consecutive trading days.

- On March 15, 2018, Aurora completed its initial take-up of the common shares of CanniMed pursuant to its offer to purchase all of the issued shares of CanniMed. Aurora took up 21,309,517 CanniMed shares representing 86.8% of the total outstanding CanniMed shares on a fully diluted basis which, together with the 700,600 CanniMed shares purchased in the market prior to the expiry of the CanniMed offer by Aurora, represents 87.2% of the outstanding CanniMed shares. In consideration for the CanniMed shares taken up on March 15, 2018, Aurora issued 62,833,216 Common Shares and paid cash consideration of $130,979,347. On March 26, 2018, Aurora completed its second take-up of CanniMed shares, acquiring an additional 8.7% or 2,202,970 of CanniMed shares for consideration of approximately 6,495,679 Common Shares and $12,558,534 cash. On May 1, 2018, Aurora completed the purchase all of the issued and outstanding CanniMed shares by purchasing the remaining outstanding CanniMed shares.
- On May 14, 2018, Aurora entered into an agreement with MedReleaf to acquire all the issued and outstanding common shares of MedReleaf in an-all share transaction. The acquisition was completed on July 25, 2018.
- On May 28, 2018, Aurora Deutschland, signed a collaboration agreement with Heinrich Klenk GmbH & Co. KG (" **Klenk**"), one of Europe's largest medicinal plant companies. Klenk, whose products are carried in over 25,000 pharmacies throughout Germany and Europe, has been importing, exporting, and processing medicinal plants and herbal raw materials for the pharmaceutical industry for over 90 years. Under the terms of the agreement, Aurora has launched a new cannabis brand in Germany called "Cannabis Klenk" which is produced in Canada, imported by Aurora Deutschland, and sold to German pharmacies through Klenk's existing and wide-reaching pharmaceutical wholesale distribution network.
- On June 5, 2018, Aurora Deutschland received an import license issued by the Malta Medicines Authority and became the first licensed supplier of medical cannabis to patients in Malta. Aurora Deutschland received the necessary export license from German authorities on June 21, 2018.
- On June 6, 2018, the Company acquired a 19.99% interest in Capcium Inc., a privately-owned Montreal-based global leader in softgel manufacturing. Production of high-precision dosage controlled softgels is an extensive and complex process.
- On June 12, 2018, the Company subscribed for 9,859,155 common shares of Choom Holdings Inc. at $0.71 per share for a cost of $7,000,000 representing an 8% ownership interest.
- On June 20, 2018, Aurora announced that it intended to distribute units consisting of shares and warrants of its subsidiary, Australis Capital Inc. ("**ACI**"), to shareholders of the Company by way of a return of capital. The spin-out of ACI happened in the form of a distribution of units of ACI to resident holders of Common Shares. The distribution was paid on the basis of one Unit for every 34 Common Shares outstanding as of August 24, 2018. Each Unit consisted of one common share of ACI ("**Australis Share**") and one Australis Share purchase warrant.

Developments during the Financial Year ended June 30, 2019

- On July 2, 2018, the Company subscribed to a US $10,000,000 convertible debenture in a private company ("investee company") which, if fully converted, would provide the Company with 14.3% interest. The debentures are convertible into common shares of the investee company at US $4.9585 at the option of Aurora until July 2, 2023.
- On July 5, 2018, Aurora entered into an agreement with the Alberta Gaming, Liquor & Cannabis Commission to supply cannabis products for the adult consumer use market in the province.
- On July 11, 2018, Aurora established a partnership agreement with Evio Beauty Group Ltd. Pursuant to the agreement, Aurora will collaborate with Evio Beauty Group Ltd. to develop a line of co-branded hemp seed oil cosmetic products and a collection of CBD-infused cosmetic products.
- On July 11, 2018, the Company entered an agreement with CannaRoyalty Corp. to purchase CannaRoyalty Corp's exclusive Canadian license to use and commercialize pre-roll technology developed by Wagner Dimas Inc. for an aggregate consideration of $4,477,580 in Common Shares.

- On July 16, 2018, the Company reached an agreement with Shopify Inc. to leverage the Shopify platform as Aurora's e-commerce engine for medical and consumer cannabis distribution.
- On July 24, 2018, the Company received a Letter of Intent from Malta Enterprise, approving the Company's application for the establishment of a seed-to-pharma cannabis operation, subject to certain conditions.
- On July 25, 2018, Aurora completed the acquisition of all the issued and outstanding common shares of MedReleaf pursuant to a statutory plan of arrangement under the Business Corporations Act (Ontario) for total consideration of $2,644,007,029, comprised of 370,120,238 common shares at an exchange ratio of 3.575 Common Shares and $75,372,577 fair value of replaced share-based payments.
- On July 30, 2018, Aurora received a Dealer's License from Health Canada under the Controlled Drugs and Substances Act for Aurora Mountain.
- On August 7, 2018, Aurora entered into a Letter of Intent whereby Aurora intended to acquire the cannabis business of HotHouse Consulting Inc., a provider of advanced greenhouse consulting services.
- On August 8, 2018, Aurora acquired all of the issued and outstanding common shares of Anandia, a privately held company, in an all share transaction. Pursuant to the terms of the arrangement agreement, Aurora issued 12,716,482 shares and 6,358,210 warrants for total consideration of $98,152,673, with an additional $10,000,000 to be paid by way of the issuance of additional shares and warrants upon the achievement of future milestones.
- On August 13, 2018, Aurora announced that it intended to participate in the German government's announcement of restarting the tender process towards selecting a number of companies for domestic cultivation of cannabis.
- On August 21, 2018, the Company announced it entered into a supply agreement with the Ontario Cannabis Stores, a key market in the Company's adult consumer use strategy.
- On August 22, 2018, the Company received Health Canada authorization to produce cannabis softgel capsules at Aurora Vie and began production immediately in partnership with Capcium Inc.
- On September 4, 2018, the Company closed a $200 million debt facility with Bank of Montreal consisting of a $150 million term loan and a $50 million revolving credit facility, both of which will mature in 2021. The Company has an option to upsize the facility to a total of $250 million, subject to the implementation of the Cannabis Act. The debt facility is primarily secured by the Company's Canadian production facilities.
- On September 7, 2018, Aurora announced it had received a Health Canada production license for Aurora Eau and, through MedReleaf, had received its oils production license for its Aurora River facility.
- On September 12, 2018, the Company purchased 100% of the issued and outstanding shares of Agropro and Borela for total cash consideration of €6,417,521 (approximately CAD$8.1 million) and Common Shares equivalent to €960,000 (approximately CAD$1.4 million).
- On September 18, 2018, Aurora completed the distribution to shareholders and the public listing of ACI.
- On September 18, 2018, the Company announced it, and its wholly-owned subsidiary MedReleaf, entered into additional supply arrangements with a number of provinces across Canada to supply a broad range of dried flower and higher margin products, such as pre-rolls, oils and capsules.
- On October 16, 2018, the Company announced it had received the necessary compliance verification from Health Canada to release for sale its innovative, high-potency, vape-ready CBD oil product line under the brand Aurora Cloud. At the time, Aurora Cloud was the only vape-ready CBD product legally available in Canada.
- On October 17, 2018, the Company announced that its Aurora Sky facility had been granted a sales license by Health Canada. The Company also announced that it had received a sales license from Health Canada permitting the sale of cannabis softgel capsules produced at its Aurora Vie facility.
- On October 17, 2018, the Company announced it had elected to exercise its right under the indenture governing the Company's 6.0% unsecured convertible debentures due November 28, 2022 to convert all of the principal amount

outstanding into Common Shares of the Company. The conversion was completed on November 16, 2018 with the Company issuing an aggregate of 265,690 shares.

- On October 23, 2018, the Company listed its Common Shares on the NYSE under the symbol “ACB”.
- On October 25, 2018, the Company announced that the Polish Ministry of Health had granted the Company approval for its first shipment of medical cannabis to Poland, with the shipment to be made by Aurora Deutschland to a pain treatment center and a hospital in Warsaw.
- On November 5, 2018, the Company increased its investment in Choom Holdings Inc. by an additional $20,000,000, through a convertible debenture maturing in four years and convertible into Common Shares: (i) at the option of Aurora, any time prior to the Maturity Date at a conversion price of $1.25 per Common Share, subject to a minimum conversion amount of $5,000,000, and (ii) at the option of Choom any time after the hold period has expired and the VWAP of Choom’s common shares on the Canadian Securities Exchange is $3.00 or more for a period of 10 consecutive trading days.
- On November 5, 2018, the Company announced the official opening of its cannabis production facility, Aurora Eau.
- On November 22, 2018, Aurora acquired all of the issued and outstanding common shares of ICC for total consideration of $262,901,209 comprised of 31,904,668 common shares and $7,663,865 fair value of replaced share-based payments issued to ICC shareholders.
- On November 27, 2018, the Company announced that it had received an export request, secured the required export permit, and had completed its first shipment of medical cannabis products to the Czech Republic, making it the 21st country in which the Company operated in at that time. The initial purchase order was placed by, and products were shipped to Czech Medical Herbs s.r.o., a Czech pharmaceutical wholesaler, who subsequently supplies pharmacies throughout the Czech Republic. Czech Medical Herbs is a distributor of medicinal products with a specialization in Cannabis for medical use and medicinal products based on cannabinoids.
- On December 3, 2018, the Company announced that it had commenced shipments of cannabis softgel capsules for both the Canadian medical and adult-use markets.
- On December 6, 2018, the Company announced that Aurora Europe had been selected by the Luxembourg Health Ministry for the supply of medical cannabis to Luxembourg and an initial purchase order for approximately 20 kgs had been received. The Company received all required authorizations (import and export licenses) and as of that date, had commenced its first shipment of high-grade medical cannabis to Luxembourg’s Division de la Pharmacie et des Medicaments, representing the second time the Company received an order directly from a European government.
- On December 7, 2018, the Company announced a relationship with Farmacias Magistrales SA. The status of this relationship is subject to ongoing negotiation and there is no guarantee that it will result in a formal agreement.
- On December 13, 2018, the Company invested $10 million by way of brokered private placement in High Tide Inc., a privately held, Alberta-based, retail-focused cannabis and lifestyle accessories company. The Company received 10,000 senior unsecured convertible debentures priced at $1,000 per debenture, bearing an interest rate of 8.5% per annum, and convertible in aggregate to 13,333,333 common shares of High Tide Inc. at $0.75 per share.
- On January 14, 2019, the Company announced it had entered into a Letter of Intent to acquire all the issued and outstanding shares of privately held Whistler. The acquisition was completed on March 1, 2019.
- On January 24, 2019, the Company closed a private offering of convertible senior notes due in 2024 for gross proceeds of US$345 million (including US$45 million pursuant to the exercise of the initial purchasers’ over-allotment option). The notes are unsecured and will mature on February 28, 2024. The notes bear cash interest semi-annually at a rate of 5.5% per annum.
- On February 4, 2019, the Company announced that its extraction technology partner, Radient, had received its Standard Processing License from Health Canada.

- On February 11, 2019, the Company announced it completed its first commercial export of cannabis oil to the United Kingdom (UK), making it one of the first Canadian companies to commercially supply cannabis-based medicines into the UK under the new legal framework that came into effect on November 1, 2018.
- On February 12, 2019, the Company announced the construction of a 300,000 square foot expansion at the Edmonton International Airport adjacent to Aurora Sky. The new facility, named Aurora Polaris, is intended to serve as the Company's centre of excellence for the industrial-scale production of higher margin, value-added products, such as edibles, in anticipation of their legalization on October 17, 2019.
- On February 25, 2019, the Company announced that both its Aurora Sky and Aurora River facilities were fully-licensed by Health Canada for the production and sale of cannabis and cannabis derivative products.
- On February 26, 2019, the Company announced that it had agreed to terms to acquire a 51% ownership interest in Gaia, a license applicant in Portugal, to establish a local facility to produce medical cannabis and derivative products. On February 21, 2019, Gaia received approval of its application to construct an EU GMP compliant cannabis cultivation facility from INFARMED, a division of the Portuguese Health Ministry, which is responsible for the evaluation, authorization, regulation, and control of human medicines as well as health products for the protection of public health. The company was renamed "Aurora Portugal".
- On March 1, 2019, the Company completed the acquisition of Whistler in an all-share transaction pursuant to the terms of an amalgamation agreement for total consideration of $158,107,135. On closing, the Company issued 13,460,833 Common Shares to Whistler shareholders, with two milestone payments in the amounts of $30,000,000 and $10,000,000 payable upon certain conditions being met.
- On March 11, 2019, the Company announced that it had commenced the sale of cannabis oils to German pharmacies following receipt of all necessary approvals from the Canadian and German regulatory authorities.
- On March 13, 2019, the Company appointed Nelson Peltz as a strategic advisor. Mr. Peltz is also advising on the Company's global expansion strategy. Services are being provided to the Company through 280 Park ACI Holdings, LLC. In consideration for the services, the Company granted stock options to purchase 19,961,754 Common Shares at $10.34 per share.
- On April 2, 2019, the Company filed a preliminary short form base shelf prospectus with the securities regulators in each province of Canada, except for the Province of Quebec, and a corresponding shelf registration statement on Form F-10 with the SEC.
- On April 5, 2019, the Company announced it was selected by the German Bundesinstitut für Arzneimittel und Medizinprodukte BfArM (Federal Institute for Drugs and Medical Devices) as one of three winners in the public tender to cultivate and distribute medical cannabis in Germany. The Company was awarded the maximum number of five of the 13 lots in the tender over a period of four years. The cannabis produced will be sold to the German government and supplied to wholesalers for distribution to pharmacies.
- On April 16, 2019, the Company announced that it had entered into a binding letter agreement with Hempco outlining the basic terms and conditions upon which the Company will acquire all of the issued and outstanding common shares of Hempco not already owned by the Company. In consideration, Aurora has agreed to pay $1.04 per Hempco Share, payable in Common Shares, reflecting a valuation of approximately C$63.4 million on a fully diluted basis.
- On April 24, 2019, the Company completed the acquisition of all of the issued and outstanding common shares of privately held Chemi Pharmaceuticals Inc., an Ontario-based laboratory specialized in providing high-quality analytics services to the pharmaceutical and cannabis industries, in a cash and share transaction comprised of a cash payment and share consideration of 83,299 shares paid on closing and 41,649 payable upon achievement of certain milestones.
- On April 26, 2019, the Company and EnWave Corporation entered into a royalty-bearing commercial license agreement, providing the Company with the exclusive rights to EnWave Corporation's patented Radiant Energy Vacuum (REV™) drying technology for the production of cannabis materials in the European Union, excluding Portugal. The Company also secured exclusive license options for both Australia and South America, excluding Peru, exercisable pursuant to minimum REV™ machine purchase order requirements. In addition, the Company made a $10 million investment in EnWave Corporation.

- On May 9, 2019, the Company announced that Aurora Deutschland was selected by the Luxembourg Health Ministry as the exclusive supplier in a public bid to supply a second delivery of medical cannabis to Luxembourg. Under the terms of the bid, the medical cannabis produced will be sold to Luxembourg's Division de la Pharmacie et des Medicaments, representing the second time the Company has received an order directly from the Luxembourg government.
- On May 21, 2019, the Company entered into an exclusive, multi-year, multi-million-dollar, global partnership with UFC ® that is expected to significantly advance further clinical research on the relationship between 100% hemp-derived CBD products and athlete wellness and recovery, with a view to accelerating CBD product development and education. Research will be conducted at UFC's Performance Institute in Las Vegas, Nevada, in collaboration with UFC's sports performance team and athletes who choose to participate in the studies.

Developments Subsequent to the Financial Year ended June 30, 2019

- On July 15, 2019, the Company announced it had received Health Canada licenses for outdoor cultivation at two Canadian sites. The new sites in Quebec and British Columbia will be used for cultivation research to develop new technology, genetics and intellectual property in order to drive sustainable, high-quality outdoor production.
- On July 18, 2019, the Company announced it had been selected as the only winner of the Italian government's public tender to supply medical cannabis in Italy. The supply contract is expected to be signed in September 2019. The tender saw Aurora selected as the sole winner of three lots to supply the Italian market, which is one of the most strictly regulated medical cannabis markets in the world. Aurora will supply a minimum of 400 kg of medical cannabis over the two-year contract with the cannabis coming from its Canadian EU GMP certified facilities and imported to Italy through Aurora Deutschland. The cannabis will be sold to Agenzia Industrie Difesa (an agency of the Italian Ministry of Defense) for distribution to local pharmacies, who dispense directly to patients.
- On July 24, 2019, the Company and UFC ® launched a joint clinical research program to examine the use of hemp-derived CBD as an effective treatment for pain, inflammation, wound healing, and recovery on mixed martial art athletes. The research program will produce multiple studies under the terms of the recently-established partnership. Once complete, any resulting product will come to life in the U.S. under the new high-performance sports brand ROAR Sports, a portfolio of high-quality, hemp-derived CBD topical treatments scientifically formulated with elite athletes in mind. Through analysis of athlete needs and scientific data, ROAR Sports will challenge the status quo, seek to alleviate the stresses of competition, and strive to earn designation as the "Official CBD product of UFC®."
- On August 15, 2019, the Company announced that it had secured commitments from an expanded syndicate of lenders to amend and upsize its existing $200,000,000 secured credit facility. The amended secured credit facility consists of an additional $160,000,000 allocated between both term loans and a revolving credit facility, both of which will mature in August 2021. In connection with the amendment, the Company also obtained the right to increase the loan amount by an additional $39,125,000 under the same terms of the existing agreement. Closing of the amended credit facility was announced on September 9, 2019.
- On August 19, 2019, the Company completed the acquisition of all of the shares of Hempco.
- On September 3, 2019, the Company disposed of its remaining 28,833,334 common shares of TGOD, representing 10.5% of the issued and outstanding shares of TGOD, at a price of $3.00 per share for aggregate gross proceeds of $86.5 million. As a result of this transaction, Aurora no longer holds any shares of TGOD, however does continue to hold warrants to purchase 16,666,667 shares of TGOD.

DESCRIPTION OF THE BUSINESS

General

Aurora is one of the world's largest and fastest growing cannabis companies. The Company has grown both organically and via strategic acquisition with the vision of creating a world-class cultivation platform producing high-quality, consistent cannabis for both the global medical and Canadian consumer use markets. Underpinning this vision is Aurora's differentiated purpose-built growing facilities, which we believe are the most technologically advanced indoor agricultural growing facilities in the world. These facilities consistently produce high-quality cannabis at scale, with lower risk of crop failure which allows the Company to achieve industry-leading per-unit production costs. We also recognize the need for robust research into the myriad of potential medical uses of cannabis and, as such, have built a leading plant and human science team.

With leadership established in the Canadian market, the Company is rapidly growing its international footprint to address the growing number of countries legalizing medical cannabis use around the world. Aurora has established operations in 25 countries around the globe and expects to increase this international footprint as government legislation permits.

The Company's principal strategic business lines are focused on the production, distribution and sale of cannabis and hemp products in Canada and internationally. Aurora currently views its primary market opportunities as follows:

- **Global medical cannabis market:** Production, distribution and sale of pharmaceutical grade cannabis products in countries around the world where permitted by government legislation. Currently, there are 50 countries around the world which have implemented some form of access to cannabis for medical purposes regimes, and Aurora's current principal markets include Canada, Germany, Denmark, Italy, Poland and Australia;

- **Global consumer use cannabis market:** Currently, only Canada and Uruguay have implemented regulated consumer use cannabis regimes, and Aurora has established operations in both countries. However, the Company believes that the increasing popularity of medical cannabis regimes globally will eventually lead to increased legalization of adult-use consumer markets. Aurora believes its investment in international infrastructure and leading global market position today uniquely positions the Company to capture these opportunities as legalization evolves globally; and

- **Global hemp and hemp-derived CBD market:** The Company expects consumer demand for products including hemp or CBD derived from hemp plants to be an exciting growth opportunity in the coming years. In order to capitalize on this market potential, the Company has begun to establish Aurora Hemp – an integrated operating unit to execute the global hemp strategy. Aurora Hemp will address both food-based hemp opportunities as well as hemp-derived CBD market opportunities. At the core of this CBD strategy is a commitment to scientific research to examine the use of CBD derived from hemp as an effective treatment for pain, inflammation, wound-healing and recovery driven by the Company's partnership with the UFC®. The Company believes that the most important near-term market opportunity for hemp and hemp-derived CBD is in the United States. The Company expects to invest in growing its hemp-market infrastructure in the United States both organically and via acquisition as markets dictate.

Corporate Strategy

The global cannabis industry is a rapidly developing business opportunity that offers the potential to positively and significantly impact the lives of millions of people worldwide. Aurora's strategy is squarely focused on establishing a strong leadership position in three distinct, rapidly growing markets that the Company currently operates in today: medical cannabis, consumer cannabis, and hemp-derived CBD.

This growth strategy is built upon a foundation supported by Aurora's unique competitive advantages:

Cultivation

Each of Aurora's state-of-the-art production facilities are purpose-built, completely contained, and environmentally-controlled. These facilities produce high-quality cannabis at massive scale, leveraging significant automation and precision environmental control to produce reliable, consistent and high-yield crops at low costs. These factors are critically important in the development of a strong global reputation with governments and consumers.

Medical Commitment

With a patient-first philosophy, Aurora is committed to providing patients worldwide with access to consistent and effective medical cannabis products. A growing number of progressive countries around the world have established legal medical-cannabis programs, of which Canada has the most sophisticated market, and Aurora is the Canadian market leader. Aurora has more than 85,000 medical patients in Canada and has developed a strong presence in Europe and an emerging presence in Latin America. With the continued expansion of the Company's global footprint, servicing the needs of patients worldwide remains the greatest near-term international opportunity for Aurora.

Scale and Global Reach

Aurora currently operates in 25 countries across 5 continents. With 15 facilities producing or under construction, Aurora has built the necessary scale to lead the cannabis industry on an international level. Each of Aurora's facilities are built to meet EU GMP standards, a key certification required for sale of products into European medical cannabis markets.

Science and Intellectual Property

Aurora is a science-driven cannabis company focused on developing and commercializing evidence-based intellectual property in product innovation, plant and human science areas. The focus on the development of cannabis breeding and genetics drives production efficiencies, yield enhancements and the creation of disease-resistant strains. Aurora is pursuing clinical research studies and trials that generate data to support evidence-based decisions made by doctors, other healthcare professionals, and government policy makers. Leveraging the Company's strong R&D platform, Aurora's product development team has introduced new, innovative products under the industry's current strict regulatory framework and is continuing to develop the next generation of products that will be in demand for both the medical and consumer markets.

Strategic Partnerships

Established leaders in mature industries have a role to play in the development of the global cannabis and hemp-derived CBD markets. Acting as the Company's strategic advisor, Nelson Peltz is an important member of the Aurora team that is working together to evaluate various consumer product companies for potential collaboration across different industry verticals. With strong operations across the value chain, Aurora intends to realize the full potential of its assets in the cannabis and hemp industries with strategic partners that complement the Company's abilities and can accelerate our growth.

U.S. Market Strategy

The United States represents the largest cannabis and hemp-derived CBD market globally, and as such Aurora is committed to establishing a substantial operating footprint in the U.S. As part of the U.S. market strategy, we are considering the Company's stakeholders and how various state and federal regulations will affect the Company's business prospects. A number of alternatives to grow our presence in the U.S. market are under evaluation and the Company is committed to only engage in activities which are permissible under both state and federal laws. We believe there are currently market opportunities that are legal at both state and federal levels that can add operating cash flow and be critical pillars of Aurora's strategy and long-term success.

Production Facilities and Licenses

Our cannabis products are cultivated and manufactured in our twelve licensed production facilities, with an additional three facilities under construction, described in the following table.

	LOCATION	SIZE	CAPACITY	STATUS	LICENSE		
					Cultivation	Sale	EU GMP
1. Aurora Mountain	Mountain View, Alberta, Canada	55,200 ft^2	4,800 kg/year	Operating since 2015	●	●	●
2. Aurora Vie	Pointe Claire, Quebec, Canada	40,000 ft^2	4,000 kg/year	Operating since June 2018	●	●	
3. Aurora Eau	Lachute, Quebec, Canada	48,000 ft^2	4,500 kg/year	Facility in full operation	●	●	
4. Aurora Sky	Edmonton, Alberta, Canada	800,000 ft^2	>100,000 kg/year	Facility in full operation	●	●	
5. Aurora Sun	Medicine Hat, Alberta, Canada	1,620,000 ft^2	>230,000 kg/year	Initial production beginning late calendar 2019, subject to licensing, and ramp-up to full production over coming quarters as demand grows			
6. Aurora Air	Edmonton, Alberta, Canada	21,000 ft^2	Not publicly stated	Not under full production yet. **Recently received a standard processing license**			
7. Aurora Valley	Westwold, British Columbia, Canada	9,017,000 ft^2	Not publicly stated	Not under full production yet. Recently received a cultivation license	●		
8. Aurora Nordic 1	Odense, Denmark	100,000 ft^2	8,000 kg/year	Facility construction complete	●		
9. Aurora Nordic 2	Odense, Denmark	1,000,000 ft^2	>120,000 kg/year	Construction work to continue with final commissioning to be subject to market demand growth			
10. Aurora Prairie	Saskatoon, Saskatchewan, Canada	97,000 ft^2	19,000 kg/year	Operating since 2004. Facility upgrades underway	●	●	
11. Aurora Ridge	Markham, Ontario, Canada	55,000 ft^2	7,000 kg/year	Operating since 2014	●	●	●
12. Aurora River	Bradford, Ontario, Canada	210,000 ft^2	28,000 kg/year	Facility in full operation	●	●	
13. Exeter	Exeter, Ontario, Canada	1,000,000 ft^2	105,000 kg/year	Land and building purchased			
14. Whistler Alpha Lake	Alpha Lake, British Columbia, Canada	12,500 ft^2	500 kg/year	Operating since 2014	●	●	
15. Whistler Pemberton	Pemberton, British Columbia, Canada	62,000 ft^2	>5,000 kg/year	Phase 1 in operation and Phase 2 expected to be completed in September 2019	●		
16. ICC Labs	Canelones, Uruguay	21,000 ft^2	27,135 kg/year	Facility in full operation	●	●	
17. Aurora Portugal	Portugal	38,000 ft^2	4,000 kg/year	Construction work to continue with final commissioning to be subject to market demand growth			

Estimated annual production capacity is based on the Company's experience in growing cannabis and data available concerning the wide variety of strains under growing conditions maintained at its facilities. The material assumptions on which the actual or expected annual kilograms harvested is determined include, but are not limited to:

- the number of cultivation rooms in the facility;
- the planned (or actual) number of plants each cultivation room is built to contain;

- the average per gram yield per plant based on Aurora's historical averages for the strain and growing conditions;
- the number of harvests (turns) planned (or realized) per year; and
- licensing from the relevant governmental authority to operate at the stated capacity.

Aurora Mountain

In April 2015, the Company completed the construction of a custom 55,200 square foot indoor growing, production and distribution facility located in Mountain View County near Cremona, Alberta and termed as "Aurora Mountain". Aurora Mountain is an office and plant production building of pharmaceutical production grade quality with hydroponic greenhouse high-pressure sodium lighting and nutrient delivery equipment which is capable of producing up to 4,800 kgs of medical cannabis per year.

In August 2017, the facility received EU GMP certification - the standard required by the German government for export to that market. On September 18, 2017, the Company began exporting dried medicinal cannabis flower to Germany. On July 30, 2018, the Company received a Dealer's License from Health Canada under the *Controlled Drugs and Substances Act* for Aurora Mountain.

Aurora Vie

On April 28, 2017, through the acquisition of Peloton, the Company acquired a 40,000 square foot cannabis production facility in Pointe-Claire, Quebec, which had received a ready-to-build letter from Health Canada in 2014. The Company estimates that as of the date of acquisition, construction at Aurora Vie was approximately 80% complete. During the last half of 2017, the Company completed construction at Aurora Vie and received its cultivation license from Health Canada in October 2017. On June 29, 2018, the Company received its sales license from Health Canada. The facility has a capacity of producing up to 4,000 kgs of cannabis annually.

Aurora Vie has been retrofitted in association with our investment in Capcium Inc. to develop softgel capsules for the consumer and medical market and the approval for sale of these capsules was received in fall 2018.

Aurora Eau

Through the acquisition of H2, the Company acquired Aurora Eau located in Lachute, Quebec on 46 acres of land, which the Company has the right to acquire for $136,000. The facility is 48,000 square feet with a production capacity of up to 4,500 kg per year and was purpose-built to EU GMP standards. Aurora Eau received its Health Canada production license on September 7, 2018 and is now operating at full production capacity.

In May 2019, Aurora Eau received an outdoor license for an additional 21,000 square feet of growing capacity next to the indoor cannabis facility. This outdoor space is expected to harvest its first crop in fall 2019.

Aurora Sky

Aurora Sky is located at the Edmonton International Airport. Construction was substantially completed in January 2019 and the facility is now operating at full capacity. On February 25, 2019, the Company announced that Aurora Sky was fully licensed by Health Canada for the production and sale of cannabis and cannabis derivative products.

With a total footprint exceeding 800,000 square feet, Aurora Sky can produce more than 100,000 kgs per year of high-quality cannabis.

Aurora Sun

The Company began construction at Aurora Sun in June 2018. It was initially anticipated that this facility would measure 1.2 million square feet, being readily expandable to 1.5 million square feet. On April 10, 2019, the Company announced that, in order to support rapidly growing demand for high-quality medical cannabis in Canada and international markets,

Aurora Sun will be expanded to 1.62 million square feet, representing a 33% increase in square footage. Aurora Sun is being built in compliance with EU GMP standards. The Company anticipates benefiting from the positive local government and community support, municipality-owned utilities offering low energy costs and free power transmission, as well as country-leading annual sunshine hours in Medicine Hat to accelerate construction timelines and continue reducing production and operating costs. Initial production at this facility is expected in late calendar 2019, with a ramp-up to full production over the coming quarters as demand grows. At full capacity, Aurora Sun is expected to produce up to 230,000 kgs of annual capacity, and such capacity is intended to serve both the pending Canadian adult consumer market and the rapidly-expanding international medical markets.

Aurora Nordic Facilities

Aurora Nordic 2 will be a one million square foot fully automated cannabis production facility located in Odense, Denmark. Construction of Aurora Nordic 2 has commenced and will continue with final commissioning to be subject to market demand growth. Aurora anticipates cannabis production capacity at Aurora Nordic 2 to be up to 120,000 kgs per year.

In order to accelerate time to market, Aurora Nordic has completed retrofitting Aurora Nordic 1, an existing 100,000 square feet greenhouse. Once licensed for the sale of cannabis, the facility should produce approximately up to 8,000 kgs of cannabis per year.

Aurora Prairie

Through the acquisition of CanniMed, the Company acquired the biosecure growth facility located in Saskatoon, Saskatchewan comprising of a 97,000 square foot above-ground production facility and a 96,000 square foot support building. The 97,000 square foot facility houses 30 large individual production growth chambers and has a total growing capacity of up to 19,000 kgs. The 96,000 square foot support building houses the Company's administrative infrastructure, including laboratories, quality control facilities, maintenance areas, a customer care center and shipping and distribution facilities. Aurora Prairie is equipped with a robust state-of-the-art security system, with over 400 separate security devices. Aurora Prairie also houses five separate Level 7 security compliant vaults, which are required for the storage of controlled substances. Aurora Prairie is focused primarily on the commercialization of medical cannabis, as well as the research and development of new strains of cannabis.

Aurora Ridge

Through the acquisition of MedReleaf, the Company acquired a 55,000 square foot facility in Markham, Ontario. Aurora Ridge is a modern, fully-operational facility that has approximately 23,500 square feet of dedicated cultivation space organized into 10 cultivation rooms, and approximately 31,500 square feet of support and auxiliary services space, including areas for propagation, trimming, drying, oil extraction, shipping, storage, water treatment, laboratories, quality assurance and quality control facilities, maintenance areas, shipping and distribution areas, management offices, and a patient care center. Aurora Ridge received its EU GMP certification in August 2018.

Aurora River

Through the acquisition of MedReleaf, the Company acquired a 210,000 square foot indoor cultivation facility in Bradford, Ontario. Aurora River includes areas for propagation, trimming, drying, commercial-scale oil extraction, pharmaceutical-grade manufacturing, shipping, storage, water treatment, laboratories, plant-based and analytical research and development facilities, quality assurance and quality control facilities, maintenance areas, shipping and distribution areas, and administrative offices. Aurora River received its oils production license in September 2018.

On February 25, 2019, the Company announced that Aurora River had received full Health Canada licensing for the production and sale of cannabis. Built to EU GMP specifications, Aurora River features 17 independently climate-controlled grow rooms. Designed for large-scale, hang-dried, hand-manicured production, 13 of the flower rooms are currently in production to service the consumer and medical markets and the facility's cultivation space is now completely licensed and planted. The Company expects a production capacity of up to 28,000 kg of high-quality cannabis per annum.

MedReleaf Exeter

Through the acquisition of MedReleaf, the Company acquired a property in Exeter, Ontario, consisting of one million square feet of existing greenhouse infrastructure on a 69-acre property, along with 95 acres of adjacent land. The Company is considering the sale of this property as the Company has other facilities built or under construction that are more economical to operate and provide the capacity of production for the Company's domestic and export requirements.

Whistler Alpha Lake Facility

Secured through the acquisition of Whistler, Whistler Alpha Lake is a 12,500 square foot facility located in Whistler, British Columbia. Whistler Alpha Lake is certified by the Fraser Valley Organic Producers Association and conforms to International Organic growing standards. The facility has a designed capacity of up to 500 kg per year and is fully licensed by Health Canada for the production and sale of cannabis.

Whistler Pemberton Facility

Through the acquisition of Whistler, the Company also acquired the Whistler Pemberton Facility, an existing partially licensed, purpose-built, state-of-the-art facility that has been constructed in compliance with EU GMP standards. The facility, with a designed capacity of up to 5,000 kg per year, is anticipated to reach full capacity in the fall of 2019, subject to licensing.

ICC Labs Facilities

Through the acquisition of ICC Labs, the Company has acquired two facilities which are currently in full production, consisting of an aggregate of 21,000 square feet of greenhouse production in Colombia and Uruguay.

Aurora Portugal

In February 2019, the Company announced that it had agreed to terms to acquire a 51% ownership interest in Gaia Pharm Lda (renamed Aurora Portugal in 2019), a license applicant in Portugal, to establish a local facility to produce medical cannabis and derivative products. Prior to the acquisition, Gaia Pharm Lda. received approval of its application to construct an EU GMP-compliant cannabis cultivation facility from INFARMED, a division of the Portuguese Health Ministry, which is responsible for the evaluation, authorization, regulation, and control of human medicines as well as health products for the protection of public health. Upon completion, the first phase of the facility is expected to have a production capacity of approximately up to 2,000 kgs per annum and up to 4,000 kgs per annum upon completion of the second phase. Construction at this facility has commenced, with final commissioning to be subject to market demand growth.

Research and Analytical Testing Facilities

In addition to our production facilities, we have the following facilities which are used for research activities and analytical testing:

	LOCATION	SIZE	STATUS	License (Research)
Aurora Comox	Comox, BC	22,500 ft^2	Licensing and construction underway	
Anandia UBC	Vancouver, BC		Operating research facility	●
Anandia GNW	Vancouver, BC	12,700 ft^2	Licensed analytical testing facility as of July 2019. Research licensing underway	● (Analytical testing)
Anandia Chemi	Ontario		New acquisition licensed analytical facility.	● (Analytical testing)

Storage and Security

The Cannabis Act prescribes physical security requirements that are necessary to secure sites where Licensed Producers conduct activities with cannabis. All facilities currently in production operate in accordance with the Cannabis Act requirements, including in relation to the security requirements. Health Canada conducts ad hoc, unscheduled site inspections of Licensed Producers. As of the date hereof, there are no material outstanding inspection issues with Health Canada.

Cannabis Products

Aurora's principal market is patients who use medical cannabis in Canada and other international jurisdictions, as well as the adult consumer market in Canada. The Company has currently reached over 85,000 active and pending registered patients after initiating product sales in January 2016, which management believes to be the fastest rate of patient registration for a Licensed Producer after the launch of commercial operations.

The Company is authorized to cultivate and sell dried cannabis, cannabis oils, and capsules pursuant to the requirements of the Cannabis Act. The Company's cannabis products can be ingested in a variety of ways, including smoking, vaporizing, and consumption in the form of oil or capsules. In October 2019, the Company will be able to apply to Health Canada for a license for edible cannabis, cannabis extracts and cannabis topicals, as further discussed below.

Through the acquisition of CanniMed, MedReleaf and Whistler, the Company also acquired their highly-respected portfolios and proprietary property.

CanniMed produces a number of strains of dried cannabis, varieties of cannabis oil and capsules, and topicals kits for medical patients. CanniMed also sells vaporizers, consumable vaporizer accessories (e.g., valves, screens, etc.) and herb mills for using CanniMed herbal cannabis products.

MedReleaf produces numerous strain varieties of dried cannabis, cannabis oils, and cannabis oil capsules. MedReleaf's plant genetics department carefully breeds new varieties of cannabis plants resulting in unique varieties of cannabis. In addition, in July 2013, MedReleaf entered into a strategic alliance with Tikun Olam Ltd. whereby MedReleaf obtained an exclusive license to exploit exclusive varieties of cannabis and access to extensive patient data that Tikun Olam Ltd. had gathered for over a decade.

Whistler has developed a strong reputation with patients and consumers alike for providing premium quality cannabis products. Founded in 2013, Whistler is one of Canada's original ten Licensed Producers, and was the first Licensed Producer to obtain organic certification and sell a full suite of organic certified cannabis products. Whistler has commercialized more than 30 flower varieties and strain-specific oil products from an extensive genetics bank of over 150 strains. Whistler has large-scale cold-water extraction technology and processes, which have helped create a full suite of organic certified oil products (including THCA, CBG, and high CBD oils).

New Products and Accessories

Aurora has a variety of new medical cannabis products at various stages of development, including oral, topical, edible and inhalable products. These products will need to be approved by Health Canada before they can be offered. No assurance can be given that the Company will succeed in bringing any of these products to market. See "*Risk Factors*".

In addition to medical cannabis products, we also sell a variety of accessories including grinders, vaporizers and its exclusive lockable containers, and continue to explore expanding these offerings for our patients.

Patient Counseling and Outreach Services



Aurora provides patient counseling and outreach services through our subsidiary CanvasRx. CanvasRx helps patients learn how to safely and effectively use medical cannabis, how to select a strain from the hundreds available in Canada and register with their choice of Licensed Producer. CanvasRx has 28 physical locations in Alberta, Ontario, and Quebec, and is the largest medical cannabis counseling and outreach service in Canada. Over 12,300 medical doctors across Canada have referred patients to CanvasRx or its affiliated medical clinics and CanvasRx has now helped more than 80,000 Canadian patients access medical cannabis.

CanvasRx plays an important role in supporting the medical cannabis segment domestically and internationally through the ongoing education of physicians and patients interested in learning more about the medical benefits of cannabis and the procedures under applicable regulations to obtain cannabis. CanvasRx increases Aurora's presence in the medical cannabis sector, provides Aurora with access to valuable aggregate data on patient use of medical cannabis, as well as the ability to jointly develop new services for patients, and tailor its product line to offer an industry-leading and demand-matching selection of products and strains tailored to the needs of patients.

Distribution Methods

The Company distributes cannabis products in accordance with the various regulatory frameworks in the respective provinces and territories governing the medical and adult-use consumer markets in Canada. We also distribute medical cannabis products internationally in accordance with applicable international laws and regulations. We have robust distribution networks spanning 98% of the Canadian population and are operating in other locations worldwide.

The Company's registered patients can order products directly from Aurora through our online shop, mobile application, or by phoning our client care center. In May 2016, we became the first Licensed Producer to offer same-day delivery of medical cannabis when we launched this service in the Calgary and Edmonton metropolitan areas. We subsequently introduced overnight/next-day delivery. Medical cannabis is, and will continue to be, delivered by secured courier or other methods permitted by the Cannabis Act.

The Company has a supply agreement in place with Shoppers Drug Mart, which currently sells Aurora, CanniMed and MedReleaf products through their e-commerce website. In addition, we have agreements in place with PharmaSave and PharmaChoice, in collaboration with CanvasRX, which allow them to provide patient support and to refer patients into the Aurora network until such time as they can distribute medical cannabis through their pharmacists across Canada.

Aurora has agreements with provincial regulators to supply cannabis for the Canadian adult-use consumer market. Under the terms of these agreements, Aurora supplies the provinces with a wide variety of premium product from its facilities. Supply quantities are determined based on demand on an ongoing basis.

Aurora continues to execute on its international expansion strategy and is currently active in 24 countries outside of Canada. Through a combination of strategic investments, domestic production, and supply agreements, we have amassed a strong early-mover advantage in a growing number of key international markets. With the EU GMP certification of Aurora Mountain, Aurora Ridge and Aurora Deutschland, we are one of only a handful of companies globally with this pharma-grade designation across both production and distribution facilities in Canada and Germany respectively, allowing us to sell into the most restrictive and promising markets in the EU, such as Italy.

Research and Development

In addition to the production and sale of medical cannabis, the Company is also focused on research and development activities, which are organized into the following four main areas:

Product development:	Cannabinoid and terpene profiling, isolation and purification
Plant science:	Intellectual property acquired from the acquisition of Anandia, growth experiments, plant health diagnostics, tissue culture, breeding and cultivar development
Biomedical science:	Pre-clinical studies and cannabinoid application, health outcomes, economic impact, targeted indications/therapeutics, health & wellness and clinical studies

Product Development

Aurora has an active product development pipeline and line extensions in both the medical and adult-use consumer markets. In the medical market, Aurora has developed and launched within the last year the following new product formats:

- Softgel capsules
- THCA oil
- Oral Spray
- THC Hemp Oil
- CBD Vape cartridge
- Ultra High CBD Oil (exported to the UK)
- 5:1 THC Oil (exported to the Germany market)

In the adult-use consumer market Aurora had launched new products such as:

- Pre rolled dried cannabis
- Softgel capsules

In preparation for the launch of edibles and concentrates in the Canadian adult-use consumer market in December 2019, Aurora has established product development activities in a range of new product types including vape pens, gummy products, chocolate products, baked products and beverages.

On May 21, 2019, the Company announced its partnership with UFC ®. This collaboration is expected to significantly advance further clinical research on the relationship between 100% hemp-derived CBD products and athlete wellness and recovery, with a view to accelerating evidence-based CBD product development and education activities. Once research is complete, any resulting product will come to life in the U.S. under the new high-performance sports brand ROAR Sports, a portfolio of high-quality, hemp-derived CBD topical treatments scientifically formulated with elite athletes in mind. Through analysis of athlete needs and scientific data, ROAR Sports will challenge the status quo, seek to alleviate the stresses of competition, and earn designation as the “Official CBD product of UFC.”

Plant Science

Anandia was acquired for its leading research in science and plant genetics and its extensive development portfolio, which includes the exclusive rights to a number of key genes in the cannabinoid pathway, patents pending for genetic markers, as well as its product testing and product development facilities.

On June 7, 2019, the Company announced an investment of $1.75 million over 18 months to upgrade the research and development capabilities of Aurora Prairie in Saskatoon, which is poised to become a world leader in cannabis science.

The large-scale plant tissue culture facility at Aurora Sky is nearing completion, as is the new breeding and R&D cultivation center at Comox. Both facilities will accelerate plant science R&D and technology commercialization.

Aurora's plant science team continues to work to protect intellectual property for its key cultivars using plant breeders' rights.

Biomedical science

Building on CanniMed and MedReleaf's research and development excellence, Aurora continues to expand its portfolio of investigational therapies in varied stages of clinical development to create safe and effective treatment options for pain and neurological conditions. Other studies are underway, focusing on indications ranging from cancer quality of life to pain to refractory epilepsy.

Specialized Skill and Knowledge

All aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of cultivation and growing of cannabis, and specifically the unique indoor agricultural skills required for the cultivation of cannabis in accordance with applicable regulatory requirements.

Aurora's experienced growing team and quality assurance team are focused on generating the highest quality and most consistent product that meets and exceeds Health Canada expectations. The Company has established strict regulatory compliance, a high level of quality assurance, and testing protocols to maintain customer satisfaction. In addition, we have a system that provides additional certainty regarding the purity and safety of the cannabis it produces and sells.

Protection of Intangible Assets

The ownership and protection of the Company's intellectual property is a significant aspect of our future success. Currently the Company protects its intangible assets through trade secrets, technical know-how and proprietary information. The Company protects its intellectual property by seeking and obtaining registered protection (including patents) where possible, developing and implementing standard operating procedures and entering into agreements with parties that have access to the Company's inventions, trade secrets, technical know-how and proprietary information such as business partners, collaborators, employees and consultants, to protect the Company's confidentiality and ownership of its intellectual property. The Company also seeks to preserve the integrity and confidentiality of its inventions, trade secrets, trademarks, technical know-how and proprietary information by maintaining physical security of the Company's premises and physical and electronic security of the Company's information technology systems. In addition, the Company has sought trademark and patent protection in Canada and many other countries.

Industry Overview

Regulatory Framework of Medical and Consumer Cannabis in Canada under the Cannabis Act

On October 17, 2018, the Cannabis Act and Regulations came into effect. The Cannabis Act and Regulations legalize, strictly regulate, and restrict access to cannabis (medical and consumer) in Canada.

The Cannabis Regulations established six classes of licenses: cultivation, processing, analytical testing, sales for medical purposes, research, and cannabis drug licenses.

The Cannabis Regulations have also created sub-classes for cultivation licenses (standard cultivation, micro cultivation, and nursery) and processing licenses (standard processing and micro-processing). Different license types carry different rules and requirements that are intended to be proportionate to the public health and safety risks posed by each license category and/or sub-class. Producers holding production and sale licenses under the ACMPR will be or have been transitioned to coordinating licenses under the Cannabis Act. Licenses issued pursuant to the Cannabis Regulations are valid for a period of up to five years. The Cannabis Regulations permit cultivation license-holders to conduct both outdoor and indoor cultivation of cannabis. A holder of a license must only conduct authorized activities at the location set out in the license.

Security Clearances

Certain people associated with cannabis licensees, including individuals occupying a "key position" such as directors, officers, large shareholders, and individuals identified by the Minister of Health, must hold a valid security clearance issued by the Minister. Under the Cannabis Regulations, the Minister may refuse to grant security clearances to individuals with organized crime associations or past convictions for, or in association with, drug trafficking, corruption, or violent offences. This was largely the approach in place previously under the ACMPR and other related regulations governing the licensed production of cannabis for medical purposes. Individuals who have a history of nonviolent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) are not precluded by legislation from participating in the legal cannabis industry, and the granting of security clearance to such individuals is at the discretion of the Minister of Health.

Cannabis Tracking and Licensing System

Under the Cannabis Act, the Minister is authorized to establish and maintain a national cannabis tracking system, the purpose of which is to track cannabis throughout the supply chain to help prevent diversion of cannabis into and out of the illicit market. The Cannabis Regulations provide the Minister with the authority to make a ministerial order that would require certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister. Accordingly, the Minister has introduced the Cannabis Tracking and Licensing System (the "**CTLS**"). License-holders are required to use the CTLS to submit monthly reports to the Minister pursuant to the Cannabis Tracking System Order, SOR/2018-178.

Cannabis Products

As of October 17, 2018, the Cannabis Act and Regulations permit the sale to the public of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds by authorized license holders. On October 17, 2019, the sale of edible cannabis, cannabis extracts and cannabis topicals will be added as classes of cannabis that will be permitted to be sold through medical and adult-use consumer channels.

Packaging and Labelling

The Cannabis Regulations require plain packaging for cannabis products, including strict requirements for logos, colours and branding, and further require mandatory health warnings, a standardized cannabis symbol and specific product information.

Cannabis for Medical Purposes

The Cannabis Regulations set out the regulatory framework for medical cannabis following legalization, which remains substantively consistent with the previous legislation. Some adjustments have been made to align with rules for non-medical consumer use, improve patient access, and reduce the risk of abuse within the medical access system. The sale of medical cannabis remains federally regulated and sales can only be made by an entity that holds a license to sell under the Cannabis Regulations to patients who: (a) have a medical document authorizing the use of medical cannabis and (b) have registered with the licensed entity. Patients must obtain a medical document from their health care provider and then register as a patient with a holder of a license for sale for medical purposes, with the registration in each case valid for a maximum of one year. The client can then order from the licensed seller online or via telephone and the cannabis will be shipped directly to the client. The Federal government intends to review the medical cannabis system five years from the date of legalization to determine whether to implement any further changes to the regulatory framework.

Health Products and Cosmetics Containing Cannabis

Health Canada has taken a scientific, evidence-based approach to the oversight of health products with cannabis that are approved with health claims, including prescription and non-prescription drugs, natural health products, veterinary drugs and veterinary health products, and medical devices. Under the Cannabis Regulations, the use of cannabis-derived

ingredients (other than certain hemp seed derivatives containing no more than 10 parts per million THC) in cosmetics, are permitted, subject to provisions of the Cannabis Act.

Provincial and Territorial Regulatory Regimes

While the Cannabis Act governs the production of cannabis for consumer purposes and related matters by the federal government, the Cannabis Act has authorized the provinces and territories of Canada to regulate other aspects of consumer cannabis, such as sale and distribution, minimum age requirements, and places where cannabis can be consumed.

The government of each Canadian province and territory has in place regulatory regimes for the distribution and sale of cannabis for consumer purposes within those jurisdictions. The following chart outlines the current basic regulatory regime in each province and territory:

Province/Territory	Legal Age	Where it's Legal to Purchase:	Public Possession Limit
Alberta	18	Private licensed stores or government-operated online store	30 grams
British Columbia	19	Government-operated stores, privately-licensed stores or online	30 grams
Manitoba	19	Private licensed stores or online	30 grams
New Brunswick	19	Government-operated stores or online	30 grams
Newfoundland and Labrador	19	Private licensed stores or government-operated online store	30 grams
Northwest Territories	19	Government-operated stores or online	30 grams
Nova Scotia	19	Government-operated stores or online	30 grams
Nunavut	19	Government-operated online store or by phone	30 grams
Ontario	19	Private licensed stores or government-operated online store	30 grams
Prince Edward Island	19	Government-operated stores or online	30 grams
Quebec	18	Government-operated stores or online	30 grans
Saskatchewan	19	Private licensed stores or online	30 grams
Yukon	19	Private licensed stores or government-operated online store	30 grams

Upcoming Regulatory Framework for Edible Cannabis, Cannabis Extracts, and Cannabis Topicals

On June 14, 2019, Health Canada announced amendments to the Cannabis Regulations setting out the rules governing the legal production and sale of edible cannabis, cannabis extracts, and cannabis topicals.

Pursuant to the Cannabis Act, the amended regulations will come into force on October 17, 2019. License holders will be required to provide 60 days' notice to Health Canada of their intent to sell new products. This notice can only be provided subsequent to legalization. Assuming Health Canada does not object to the new products being listed for sale, sales will be permitted to authorized retailers and medical patients at the expiry of the 60-day notice period.

Consistent with Health Canada's existing public health and safety-focused approach to the legalization and strict regulation of cannabis, the amended regulations are intended to reduce the health risks of new classes of cannabis products by establishing tailored safeguards.

Status of Regulatory Framework in the United States

Aurora does not currently have any direct or indirect cannabis investments in the United States, where cannabis remains federally illegal. We will only participate in federally-permissible activities, despite cannabis being legal in certain individual states.

The United States represents the largest cannabis and hemp-derived CBD market globally, and as such Aurora is committed to establishing a substantial operating footprint in the U.S. As part of any U.S. market strategy, we must consider the Company's stakeholders and how various state and federal regulations will affect the Company's business prospects. A number of alternatives to grow our presence in the U.S. market are under evaluation and the Company is committed to only engaging in activities which are permissible under both state and federal laws. We believe there are currently market opportunities that are legal at both state and federal levels that can add operating cash flow and be critical pillars of Aurora's strategy and long-term success. Strategies to best position the Company in market segments that are currently not federally legal are also being evaluated.

International Opportunities

In addition to Canadian domestic operations, we continue to pursue international opportunities, including opportunities to export our medical cannabis products to other countries and opportunities to create international alliances with local partners to apply for cultivation licenses in other countries.

Denmark

The Company has successfully shipped cultivars from its Aurora Mountain facility to Denmark to commence populating the Phase I Aurora Nordic facility, a 100,000 square foot, retrofitted hybrid greenhouse, which will be capable of full production capacity of up to 8,000 kg per year of medical cannabis. Phase I has been designed by ALPS and has been completed to EU GMP standards, incorporating leading -edge technologies. The Company has designed and is in development of Phase II of Aurora Nordic which is expected to be a 1 million square foot hybrid greenhouse facility. Final commissioning of Phase II will be determined in conjunction with local market demand and overall European market demand for medical cannabis. *See "Description of Business - Production Facilities and Licenses - Aurora Nordic Facilities"* .

Germany

The Company acquired Aurora Deutschland in May 2017. Aurora Deutschland holds all relevant licenses and permits and has been importing, exporting, and distributing cannabis for medical purposes into and within the European Union since December 2015. Aurora Deutschland distributes to more than 1,500 German pharmacies and currently relies exclusively on imported medical cannabis products from federally regulated producers in Canada and the Netherlands.

Germany currently represents the largest single federally-legal medical cannabis market in the world and is experiencing a significant shortage of supply. Of note, Germany is the first county in the world to cover the cost of medical cannabis for any therapeutic application approved by a physician through its national health insurance system. The market for medical cannabis in Germany is expected to expand rapidly.

Italy

Aurora has delivered medical cannabis from Canada to the Italian government through its wholly-owned German subsidiary Aurora Deutschland. The products were then distributed to Italian Pharmacies by the Italian government. This export followed Aurora and Aurora Deutschland's success in winning a highly-competitive EU-wide public tender to supply medical cannabis to the Italian government through the Italian Ministry of Defense, who oversee medical cannabis production and distribution in Italy.

The Company subsequently won a second tender by the Italian government to supply medical cannabis in Italy. Under this contract, Aurora will supply a minimum of 400 kg of medical cannabis over the two-year contract with the cannabis

coming from its Canadian EU GMP certified facilities and imported to Italy through Aurora Deutschland. The cannabis will be sold to Agenzia Industrie Difesa (an agency of the Italian Ministry of Defense) for distribution to local pharmacies, who dispense directly to patients.

Malta

On July 24, 2018, Aurora received a Letter of Intent issued from Maltese authorities, approving its application for the establishment of the first seed-to-pharma cannabis operation in Malta, subject to certain conditions. The project includes the construction of a hybrid cultivation, manufacturing, and distribution facility, with operations to be carried out by a new subsidiary, Aurora Malta, to be formed with Aurora's local Maltese partner, Cherubino Ltd., the largest pharmaceutical wholesaler in the country. Aurora will be the majority shareholder in the new venture. In addition to serving the domestic Maltese market, Malta is strategically located geographically to serve export markets throughout Europe. This project is currently on hold, subject to market demand.

Australia

Aurora owns approximately 22.9% of Australia's first licensed cannabis company, Cann Group. Cann Group was issued Australia's first medical cannabis cultivation license in March 2017, in addition to Australia's first medical cannabis research license in February 2017. Cann Group has also been issued permits that facilitate the establishment of breeding plants for propagation purposes; a research program being undertaken with Australia's Federal research agency, the Commonwealth Scientific and Industrial Research Organization, to develop unique cannabis extracts; and the supply of plant material for manufacturing into medical cannabis products for patient use. Cann Group is building a world-class business focused on breeding, cultivating and manufacturing medical cannabis for sale and use within Australia.

On July 18, 2017, Aurora entered into a technical services agreement with Cann Group, which covers the period until the end of 2022, to facilitate an exchange of information and support across areas including the cultivation and processing of medical cannabis, extraction and manufacturing technology, and analysis of cannabis extracts.

Cann Group, which has selected ALPS as its project consultancy for a high-technology, high-efficiency, EU GMP-compliant production facility, has secured a lease with Australia Pacific Airports for a five-hectare (12.4 acres) site which is part of the Melbourne Airport precinct. Project preparations, including environmental and regulatory approvals continue to progress well.

Latin America

MedReleaf, as announced on July 24, 2018, acquired MED-Colombia, a company with licenses in Colombia for the cultivation of cannabis and the production of cannabis oil extracts. Through this acquisition, Aurora gained an extensive library of cannabis genetics which Aurora anticipates will resonate well with the market. Diversification of cultivars is considered of great importance for the various markets Aurora services around the world, including the Canadian adult-use consumer market. The acquisition also provides Aurora with the ability to develop additional, low-cost production capacity in Latin America from which the Company can potentially service a number of export markets, in addition to the domestic Colombian market.

On November 22, 2018, the Company acquired ICC, which established Aurora in South America, a continent with over 420 million people. Through the acquisition, the Company has acquired two facilities which are currently in full production, consisting of an aggregate of 21,000 square feet of greenhouse production in Colombia and Uruguay. The acquisition has created a strong foundation for expansion and will leverage ICC's first mover advantage in South America, bringing significant low-cost production capacity, a well-diversified product portfolio, and extensive distribution channels throughout South America and internationally.

Portugal

In February 2019, the Company announced that it had agreed to terms to acquire a 51% ownership interest in Gaia, a license applicant in Portugal, to establish a local facility to produce medical cannabis and derivative products. Gaia

received approval of its application to construct an EU GMP compliant cannabis cultivation facility which will be conducted in phases. Upon completion, the first phase of the facility is expected to have a production capacity of up to approximately 2,000 kg per annum, growing up to 4,000 kg per annum upon completion of the second phase. This project is currently on hold, subject to market demand.

Lithuania

In September 2018, the Company acquired Europe's largest producer, processor, and supplier of certified organic hemp and hemp products, Agropro, as well as hemp processor and distributor Borela, both based in Lithuania. Agropro, a hemp seed contracting and processing company, and its sister company Borela, a processor and distributor of organic hulled hemp seeds, hemp seed protein, hemp flour and hemp seed oil, have 1,600 hectares (4,000 acres) under contract, potentially yielding up to 1,000,000 kg of organic hemp with additional contracts available to expand to more than 3,000 hectares across Lithuania, Latvia, Estonia, and Poland.

United Kingdom

In February of this year, the Company was granted approval to complete its first commercial export of cannabis oil to the United Kingdom (UK), making it one of the first Canadian companies to commercially supply cannabis-based medicines into the UK under the new legal framework that came into effect on November 1, 2018.

Luxembourg

In December 2018, the Luxembourg Health Ministry selected Aurora Deutschland for the supply of medical cannabis, with an initial purchase order for approximately 20 kgs. Aurora has commenced its first shipment of high-grade medical cannabis to Luxembourg's Division de la Pharmacie et des Medicaments, representing the second time the Company received an order directly from a European government. The Company was subsequently selected by the Luxembourg Health Ministry as the exclusive supplier in a public bid to supply a second delivery of medical cannabis to Luxembourg.

Poland

In October 2018, the Polish Ministry of Health granted the Company approval for its first shipment of medical cannabis to Poland, with the shipment to be made by Aurora Deutschland to a pain treatment center and a hospital in Warsaw. This made Aurora the first Licensed Producer to receive a cannabis import permit from the Polish Ministry of Health.

Czech Republic

In November 2018, the Company received an export request and completed its first shipment of medical cannabis products to the Czech Republic, making it the 21st country in which the Company operated in at that time. The initial purchase order was placed by, and products were shipped to Czech Medical Herbs s.r.o., a Czech pharmaceutical wholesaler, who subsequently supplies pharmacies throughout the country.

South Africa

On August 13, 2018, the Company announced that it had, through its wholly-owned subsidiary CanniMed, signed an agreement with Akula Trading Pty Ltd ("**Akula**") to supply product for the South African market. The Company has been working with Akula in preparation for the commencement of legalized sales in South Africa.

Employees

As of June 30, 2019, the Company had approximately 2,779 employees (2018 – 967 employees). As of the date of this AIF, the Company has approximately 3,000 employees.

RISK FACTORS

Our business, operations and outlook are subject to certain risks described below:

Our business is reliant on the good standing of our licenses.

Our ability to continue our business of cannabis cultivation, storage, and distribution is dependent on the good standing of all of our licenses, authorizations, and permits and adherence to all regulatory requirements related to such activities. We will incur ongoing costs and obligations related to regulatory compliance. Any failure to comply with the terms of the licenses, or to renew the licenses after their expiry dates, would have a material adverse impact on the financial conditions and operations of the business. Although we believe that we will meet the requirements of the *Cannabis Act* for future extensions or renewals of the licenses, there can be no assurance that Health Canada will extend or renew the licenses, or if extended or renewed, that they will be extended or renewed on the same or similar terms. Should Health Canada or the Canada Revenue Agency not extend or renew the licenses, or should they renew the licenses on different terms, our business, financial condition and operations would be materially adversely affected. The same risks may arise when expanding our operations to foreign jurisdictions.

We are committed to regulatory compliance, including but not limited to the maintenance of good production practices and physical security measures required by Health Canada. Failure to comply with regulations may result in additional costs for corrective measures, penalties, or restrictions on our operations. In addition, changes in regulations, more vigorous enforcement thereof, or other unanticipated events could require changes to our operations, increased compliance costs or give rise to material liabilities, which could have an adverse effect on our business, financial condition and operations.

Our Canadian licenses are reliant on our established sites.

The Canadian licenses we hold are specific to individual facilities. Any adverse changes or disruptions to the functionality, security and sanitation of our sites or any other form of non-compliance may put our licenses at risk, and ultimately adversely impact our business, financial condition and operations. As our operations and financial performance may be adversely affected if we are unable to keep up with such requirements, we are committed to the maintenance of our sites and intend to comply with Health Canada and their inspectors as required.

As our business continues to grow, any expansion to or update of our current operating sites, or the introduction of new sites, will require the approval of Health Canada. There is no guarantee that Health Canada will approve any such expansions and/or renovations, which could adversely affect the Corporation's business, financial condition and operations.

We operate in a highly regulated business and any failure or significant delay in obtaining regulatory approvals could adversely affect our ability to conduct our business.

Achievement of our business objectives are contingent, in part, upon compliance with the regulatory requirements enacted by applicable government authorities, including those imposed by Health Canada, and obtaining all regulatory approvals, where necessary. We cannot predict the time required to secure all appropriate regulatory approvals for our products, or the extent of testing and documentation that may be required by government authorities. The impact of regulatory compliance regimes and any delays in obtaining, or failure to obtain, regulatory approvals may significantly delay or impact the development of our business and operations. Non-compliance could also have a material adverse effect on our business, financial condition and operations.

Change in the laws, regulations, and guidelines that impact our business may cause adverse effects on our operations.

Our business is subject to a variety of laws, regulations, and guidelines relating to the marketing, acquisition, manufacturing, management, transportation, storage, sale, packaging and labeling, and disposal of cannabis. We are also subject to laws, regulations, and guidelines relating to health and safety, the conduct of operations, taxation of products and the protection of the environment. As the laws, regulations and guidelines pertaining to the cannabis industry are relatively new, it is possible that significant legislative amendments may still be enacted – either provincially or federally – that address current or future regulatory issues or perceived inadequacies in the regulatory framework. Changes to such laws, regulations, and guidelines may cause material adverse effects on our operations.

The legislative framework pertaining to the Canadian non-medical cannabis market is subject to significant provincial and territorial regulation. The legal framework varies across provinces and territories and results in asymmetric regulatory and market environments. Different competitive pressures, additional compliance requirements, and other costs may limit our ability to participate in such markets.

We compete for market share with a number of competitors and expect even more competitors to enter our market, and many of our current and future competitors may have longer operating histories, more financial resources, and lower costs than us.

As the cannabis market continues to mature, both domestically and internationally, the overall demand for products and the number of competitors are expected to increase. Consumers that once solely relied on the medical cannabis market may shift some, or all, of their consumption or preferences away from medical cannabis and towards consumer cannabis. The *Cannabis Act* also permits patients to produce a limited amount of cannabis for their own purposes or to designate a person to produce a limited amount of cannabis on their behalf. Such shifts in market demand, and other factors that we cannot currently anticipate, could potentially reduce the market for our products, which could ultimately have a material adverse effect on our business, financial condition and operations.

Some companies may have significantly greater financial, technical, marketing, and other resources compared to us. Such companies may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships. Such competition may make it difficult to enter into supply agreements, negotiate favourable prices, recruit or retain qualified employees, and acquire the capital necessary to fund our capital investments.

In addition, there are currently hundreds of applications for licensed producer's status being processed by Health Canada. The number of licenses granted, and the number of licensed producers ultimately authorized by Health Canada, could have an adverse impact on our ability to compete for market share in Canada's cannabis market. We also face competition from illegal cannabis dispensaries, who do not have a valid license, that are selling cannabis to individuals.

In order for us to be competitive, we will need to invest significantly in research and development, market development, marketing, production expansion, new client identification, distribution channels, and client support. If we are not successful in obtaining sufficient resources to invest in these areas, our ability to compete in the market may be adversely affected, which could materially and adversely affect our business, financial conditions and operations.

Our future success depends upon our ability to achieve competitive production costs through increased production, economies of scale and our ability to recognize higher margins through the sale of higher margin products. To the extent that we are not able to produce our products at competitive prices or consumers prioritize established low margin products over innovative, higher margin products, our business, financial conditions and operations could be materially adversely affected.

We have a limited operating history and there is no assurance we will be able to achieve or maintain profitability.

Aurora Marijuana Inc. was the entity in which our operating business was originally organized. This company was incorporated in 2013 and our business began operations in 2015. We started generating revenues from the sale of cannabis in January 2016. Because we are an early-stage enterprise, we are subject to all of the associated business risks and uncertainties which include, but are not limited to, under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues.

We have incurred operating losses in recent periods. We may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, we expect to continue to increase operating expenses as we explore and implement initiatives to grow our business. If our revenues do not increase to offset these expected increases in costs and operating expenses, we may not be profitable. Our limited operating history may make it difficult for investors to evaluate our prospects for success. There is no assurance that we will be successful in achieving a return on shareholders' investments and the likelihood of success is uncertain in light of the early stage of our operations.

Selling prices and the cost of cannabis production may vary based on a number of factors outside of our control.

Our revenues are in a large part derived from the production, sale, and distribution of cannabis. The cost of production, sale, and distribution of cannabis is dependent on a number of key inputs and their related costs, including equipment and supplies, labour and raw materials related to our growing operations, as well other overhead costs such as electricity, water, and utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact our financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition, results of operations and prospects. This includes any change in the selling price of products set by the applicable province or territory. There is currently no established market price for cannabis and the price of cannabis is affected by numerous factors beyond our control. Any price decline may have a material adverse effect on our business, financial condition and operations.

We may not be able to realize our growth targets.

Our ability to continue the production of cannabis products at the same pace as we are currently producing, or at all, and our ability to continue to increase both our production capacity and our production volumes, may be affected by a number of factors, including plant design errors, non-performance by third party contractors, increases in materials or labour costs, construction performance falling below expected levels of output or efficiency, contractor or operator errors, breakdowns, aging or failure of equipment or processes, and labour disputes. Factors specifically related to indoor agricultural and processing practices, such as reliance on provision of energy and utilities to our facilities, those specifically related to outdoor cultivation practices, such as droughts, environmental pollution and inadvertent contamination, and any major incidents or catastrophic events affecting the premises, such as fires, explosions, earthquakes or storms, may all materially and adversely impact the growth of our business.

The continuance of our contractual relations with provincial and territorial governments cannot be guaranteed.

Part of our current revenues depend upon our supply contracts with the various Canadian provinces and territories. There are many factors which could impact our contractual agreements and alterations to, or the termination of, such contracts may adversely impact our business, financial condition and operations.

Our continued growth may require additional financing, which may not be available on acceptable terms or at all.

Our continued development may require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of our current business strategy or our ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be available on favorable terms. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences, and privileges superior to those of holders of Common Shares. In addition, from time to time, we may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may increase our debt levels above industry standards and our ability to service such debt. Any debt financing obtained in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which could make it more difficult for us to obtain additional capital and pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, entitle lenders to accelerate repayment of debt and there is no assurance that we would be able to repay such debt in such an event or prevent the enforcement of security, if any, granted pursuant to such debt financing.

We may not be able to successfully develop new products or find a market for their sale.

The medical and non-medical cannabis industries are in their early stages of development and it is likely that we, and our competitors, will seek to introduce new products in the future. In attempting to keep pace with any new market developments, we may need to expend significant amounts of capital in order to successfully develop and generate revenues from new products introduced by us. As well, we may be required to obtain additional regulatory approvals from Health Canada and any other applicable regulatory authorities, which may take significant amounts of time and

entail significant costs. On October 17, 2019, new regulations under the *Cannabis Act* will come into force permitting the production and sale of cannabis edibles, extracts, and topicals. The impact of these regulatory changes on our business is unknown. We may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on our business, financial condition and results of operations.

As the cannabis market continues to mature, our products may become obsolete, less competitive, or less marketable.

Because the cannabis market and associated products and technology are rapidly evolving, both domestically and internationally, we may be unable to anticipate and/or respond to developments in a timely and cost-efficient manner. The process of developing our products is complex and requires significant costs, development efforts, and third-party commitments. Our failure to develop new products and technologies and the potential disuse of our existing products and technologies could adversely affect our business, financial condition and operations. Our success will depend, in part, on our ability to continually invest in research and development and enhance our existing technologies and products in a competitive manner.

Restrictions on branding and advertising may negatively impact our ability to attract and retain customers.

Our success depends on our ability to attract and retain customers. The *Cannabis Act* and *Cannabis Regulations* strictly regulate the way cannabis is packaged, labelled, and displayed. The associated provisions are quite broad and are subject to change. It is currently prohibited to use testimonials and endorsements, depict people, characters and animals and produce any packaging that may be appealing to young people. The restrictions on packaging, labelling, and the display of our cannabis products may adversely impact our ability to establish brand presence, acquire new customers, retain existing customers and maintain a loyal customer base. This may ultimately have a material adverse effect on our business, financial conditions and operations.

The cannabis business may be subject to unfavorable publicity or consumer perception.

The success of the cannabis industry may be significantly influenced by the public's perception of cannabis. Cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to cannabis will be favorable. Consumer perception of our products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for our products and our business, financial condition, results of operations and prospects. Our dependence upon consumer perceptions means that adverse scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity, whether or not accurate or with merit, could have a material adverse effect on us, the demand for products, and our business, financial condition, results of operations and prospects. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or our products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on us. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately, or as directed.

Third parties with whom we do business may perceive themselves as being exposed to reputational risk by virtue of their relationship with us and may ultimately elect not to do business with us.

The parties with which we do business may perceive that they are exposed to reputational risk as a result of our cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on us.

We may enter into strategic alliances or expand the scope of currently existing relationships with third parties that we believe complement our business, financial condition and results of operation and there are risks associated with such activities.

We have entered into, and may in the future enter into, strategic alliances with third parties that we believe will complement or augment our existing business. Our ability to complete and develop strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen regulatory issues, integration obstacles or costs, may not enhance our business, and may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from current operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Our success will depend on attracting and retaining key personnel.

Our success will depend on our directors' and officers' ability to develop and execute our business strategies and manage our ongoing operations, as well as our ability to attract and retain key personnel. Competition for qualified professionals, technical, sales and marketing staff, as well as officers and directors can be intense, and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations. While employment and consulting agreements are customary, these agreements cannot assure the continued services of such individuals.

Further, as a Licensed Producer under the *Cannabis Act*, certain key personnel are required to obtain a security clearance by Health Canada. Licenses will not be granted until all key personnel have been granted security clearance. Under the *Cannabis Act*, a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing or future key personnel will be able to obtain or renew such clearances. A failure by key personnel to maintain or renew their security clearance could result in a material adverse effect on our business, financial condition and operations. There is also a risk that if key personnel leave the Company, we may not be able to find a suitable replacement that can obtain a security clearance in a timely manner, or at all.

Certain of our directors and officers may have conflicts of interests due to other business relationships.

Some of our directors and officers are also directors and officers of other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from our interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract, or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

Our expansion efforts may not be successful.

There is no guarantee that our intentions to acquire and/or construct additional cannabis production and manufacturing facilities in Canada and in other jurisdictions with legal cannabis markets will be successful. There is also no guarantee that expansions to our marketing and sales initiatives will be successful. Any such activities will require, among other things, various regulatory approvals, licenses and permits (such as additional licenses from Health Canada under the *Cannabis Act*) and there is no guarantee that all required approvals, licenses and permits will be obtained in a timely fashion or at all. There is also no guarantee that we will be able to complete any of the foregoing activities as anticipated or at all. Our failure to successfully execute our expansion strategy (including receiving required regulatory approvals and permits) could adversely affect our business, financial condition and results of operations and may result in our failing to meet anticipated or future demand for our cannabis-based pharmaceutical products, when and if it arises.

In addition, the construction of current and future Aurora facilities are subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond our control, including the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by our suppliers, difficulties in integrating new equipment with its existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed our budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, we may not be able to achieve the intended economic benefits from the construction of the new facilities, which in turn may materially and adversely affect our business, prospects, financial condition and results of operations.

We have expanded and intend to further expand our business and operations into jurisdictions outside of Canada, and there are risks associated with doing so.

We intend to continue to expand our operations and business into jurisdictions outside of Canada, some of which are emerging markets, but there can be no assurance that any market for our products will develop in any such foreign jurisdiction. The continuation or expansion of our operations internationally will depend on our ability to renew or secure the necessary permits, licenses, or other approvals in those jurisdictions. An agency's denial of or delay in issuing or renewing a permit, license, or other approval, or revocation or substantial modification of an existing permit or approval, could prevent us from continuing our operations in or exports to other countries.

Foreign operations in emerging markets may expose us to new or unexpected risks or significantly increase our exposure to one or more existing risk factors. Some governmental regulations may require us to award contracts in, employ citizens of, and/or purchase supplies from the jurisdiction. These factors may limit our capability to successfully expand our operations and may have a material adverse effect on our business, financial condition and results of operations.

In addition, we are further subject to a wide variety of laws and regulations domestically and internationally with respect to the flow of funds and product across international borders and the amount of medical cannabis we export may be limited by the various drug control conventions to which Canada is a signatory.

While we continue to monitor developments and policies in the emerging markets in which we operate and assess the impact thereof to our operations, such developments cannot be accurately predicted and could have an adverse effect on the Corporation's business, operations or profitability.

Our business may be affected by political and economic instability.

We may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates, and high rates of inflation. Changes in medical and agricultural development or investment policies or shifts in political viewpoints of certain countries may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, distribution, price controls, export controls, income taxes, expropriation of property, maintenance of assets, environmental legislation, land use, land claims of local people, and water use. The effect of these factors cannot be accurately predicted.

We rely on international advisors and consultants in foreign jurisdictions.

The legal and regulatory requirements in the foreign countries in which we currently or intend to operate are different from those in Canada. Our officers and directors must rely, to a great extent, on local legal counsel and consultants in order to ensure our compliance with material legal, regulatory and governmental developments as they pertain to and affect our business operations, to assist with governmental relations and enhance our understanding of and appreciation for the local business culture and practices. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond our control. The impact of any such changes may adversely affect our business, financial condition and operations.

Failure to comply with the Corruption of Foreign Public Officials Act (Canada) ("CFPOA") and the Foreign Corrupt Practices Act (United States) ("FCPA"), as well as the anti-bribery laws of the other nations in which we conduct business, could subject us to penalties and other adverse consequences.

We are subject to the CFPOA and the FCPA, which generally prohibit companies and their employees from engaging in bribery, kickbacks or making other prohibited payments to foreign officials for the purpose of obtaining or retaining business. The CFPOA and the FCPA also require companies to maintain accurate books and records and internal controls, including at foreign controlled subsidiaries. In addition, we are subject to other anti-bribery laws of other countries in which we conduct, or will conduct, business that apply similar prohibitions as the CFPOA and FCPA (e.g. the Organization for Economic Co-operation and Development Anti-Bribery Convention). Our employees or other agents may, without our knowledge and despite our efforts, engage in prohibited conduct under our policies and procedures and the CFPOA, the FCPA, or other anti-bribery laws to which we may be subject for which we may be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

We may be subject to uninsured or uninsurable risks.

While we may have insurance to protect our assets, operations, and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we are exposed. No assurance can be given that such insurance will be adequate to cover our liabilities or that it will be available in the future or at all, and that it will be commercially justifiable. We may be subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our normal business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

We may be subject to product liability claims.

As a manufacturer and distributor of products designed to be inhaled and ingested by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that the products produced by us caused or contributed to injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against us could result in increased costs, adversely affect our reputation and goodwill with our customers, and could have a material adverse effect on our business, financial condition and results of operations. There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of such products.

Our cannabis products may be subject to recalls for a variety of reasons.

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by us are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits, whether frivolous or otherwise. Additionally, if any of the products produced by us were subject to recall, the reputation and goodwill of that product and/or us could be harmed. A recall for any of

the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on our business, financial condition and results of operations. Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada or other regulatory agencies, requiring further management attention, increased compliance costs and potential legal fees, fines, penalties and other expenses. Furthermore, any product recall affecting the cannabis industry more broadly could lead consumers to lose confidence in the safety and security of the products sold by holders of licenses under the *Cannabis Act* generally, which could have a material adverse effect on our business, financial condition and results of operations.

We may become party to litigation, mediation, and/or arbitration from time to time.

We may become party to regulatory proceedings, litigation, mediation, and/or arbitration from time to time in the ordinary course of business, which could adversely affect our business. Monitoring and defending against legal actions, whether or not meritorious, can be time-consuming, divert management's attention and resources and cause us to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While we have insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact our business, operating results or financial condition. Litigation may also create a negative perception of our company. Any decision resulting from any such litigation could have a materially adverse impact on our business and company.

The transportation of our products is subject to security risks and disruptions.

We depend on fast, cost-effective, and efficient courier services to distribute our product to both wholesale and retail customers. Any prolonged disruption of these courier services could have an adverse effect on our financial condition and results of operations. Rising costs associated with the courier service we use to ship our products may also adversely impact our business and our ability to operate profitably.

Due to the nature of our products, security during transportation is of the utmost concern. Any breach of the security measures during the transport or delivery of our products, including any failure to comply with recommendations or requirements of government regulators, whether intentional or not, could have a materially adverse impact on our ability to continue operating under our current licenses and may potentially impact our ability to renew such licenses.

Our business is subject to the risks inherent in agricultural operations.

Since our business revolves mainly around the growth and processing of cannabis, an agricultural product, the risks inherent with agricultural businesses apply to our business. Such risks may include disease and insect pests, among others. Cannabis growing operations consume considerable energy, which makes our operations vulnerable to rising energy costs. Accordingly, any rise in energy costs may have a material adverse effect on our ability to produce cannabis.

Although we currently grow and expect to grow the significant majority of our product in climate controlled, monitored, indoor locations, some of our production takes place outdoors and there is no guarantee that changes in outside weather and climate will not adversely affect such production. Like other agricultural products, the quality of cannabis grown outdoors is affected by weather and the environment, which can change the quality or size of the harvest. If a weather event is particularly severe, such as a major drought or hurricane, the affected harvest could be destroyed or damaged to an extent that results in lost revenues. In addition, other items may affect the marketability of cannabis grown outdoors, including, among other things, the presence of non-cannabis related material, genetically modified organisms and excess residues of pesticides, fungicides, and herbicides. High degrees of quality variance can affect processing velocity and capacity utilization, as the process required to potentially upgrade lower quality product requires significant time and resources. There can be no assurance that natural elements will not have a material adverse effect on the production of our products and ultimately our business, financial condition and operations.

Our operations are subject to various environmental and employee health and safety regulations.

Our operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air, and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. We incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain an environmental compliance approval under applicable regulations or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations or give rise to material liabilities, which could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to protect our intellectual property.

Our success depends in part on our ability to protect our ideas and technology. Even if we move to protect our technology with trademarks, patents, copyrights or by other means, we are not assured that competitors will not develop similar technology and business methods or that we will be able to exercise our legal rights. Other countries may not protect intellectual property rights to the same standards as does Canada, particularly in the United States where cannabis remains federally illegal. Policing the unauthorized use of current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions may have a materially adverse impact our ability to successfully grow our business. An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the Corporation's business, financial condition and results of operations.

We may experience breaches of security at our facilities or in respect of electronic documents and data storage and may face risks related to breaches of applicable privacy laws.

Given the nature of our product and its lack of legal availability outside of channels approved by the Government of Canada, as well as the concentration of inventory in our facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of our facilities could expose us to additional liability, potentially costly litigation, increased expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing our products.

In addition, we collect and store personal information about our customers and are responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Data theft for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through a deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on our business, reputation, financial condition and results of operations.

Furthermore, there are a number of federal and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the *Personal Information Protection and Electronics Documents Act* (Canada) ("**PIPEDA**"), protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If we were found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of patient health information, we could be subject to sanctions and civil or criminal penalties, which could increase our liabilities, harm our reputation, and have a material adverse effect on our business, results of operations and financial condition.

We may be subject to risks related to our information technology systems, including cyber-attacks.

We have entered into agreements with third parties for hardware, software, telecommunications and other information technology services in connection with our operations. Our operations depend, in part, on how well we and our suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems, depending on the nature of any such failure, could adversely impact our reputation and results of operations.

Cyber-attacks could result in important remediation costs, increased cyber security costs, lost revenues due to a disruption of activities, litigation, and reputational harm affecting customer and investor confidence, which ultimately could materially adversely affect our business, financial results and operations.

We have not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

We may not be able to successfully identify and execute future acquisitions or dispositions, or to successfully manage the impacts of such transactions on our operations.

Over the past 24 months, we have completed a number of significant acquisitions, including our acquisitions of MedReleaf and CanniMed. Material acquisitions, dispositions, and other strategic transactions involve a number of risks, including: (i) potential disruption of our ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully, or at all, or may take longer to realize than expected; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain of our assets.

The presence of one or more material liabilities and/or commitments of an acquired company that are unknown to us at the time of acquisition could have a material adverse effect on our results of operations, business prospects and financial condition. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our existing operations.

As a holding company, Aurora Cannabis Inc. is dependent on its operating subsidiaries to pay dividends and other obligations.

Aurora Cannabis Inc. is a holding company. Essentially all of our operating assets are the capital stock of the Company's subsidiaries and substantially all of our business is conducted through subsidiaries which are separate legal entities. Consequently, our cash flows and ability to pursue future business and expansion opportunities are dependent on the earnings of our subsidiaries and the distribution of those earnings to us. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us.

The price of our Common Shares has historically been volatile. This volatility may affect the value of your investment in Aurora, the price at which you could sell our Common Shares and the sale of substantial amounts of our Common Shares could adversely affect the price of our Common Shares and the value of your convertible debentures/notes.

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following:

- actual or anticipated fluctuations in the Company's results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the same industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;
- operating and financial performance that varies significantly from the expectations of management, securities analysts and investors;
- regulatory changes affecting the Company's industry, business and operations;
- announcements of developments and other material events by the Company or its competitors;
- fluctuations in the costs of vital production inputs, materials and services;
- changes in global financial markets, global economies and general market conditions, such as interest rates and product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors;
- operating and share price performance of other companies that investors deem comparable to the Company; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values, or prospects of such companies. Such volatility has been particularly evident with regards to the share prices of medical cannabis companies that are public issuers in Canada. Accordingly, the market price of Common Shares may decline even if our operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely impacted, and the trading price of Common Shares may be materially adversely affected.

Future sales or issuances of equity securities could decrease the value of our Common Shares, dilute investors' voting power, and reduce our earnings per share.

We may sell or issue additional equity securities in subsequent offerings (including through the sale of securities convertible into equity securities and may issue equity securities in acquisitions). We cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of our securities will have on the market price of our Common Shares.

Additional issuances of our securities may involve the issuance of a significant number of Common Shares at prices less than the current market prices. Issuances of a substantial number of Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices of our Common Shares. Any transaction involving the issuance of previously authorized but unissued Common Shares, or securities convertible into Common Shares, may result in significant dilution to security holders.

Sales of substantial amounts of our securities by us or our existing shareholders, or the availability of such securities for sale, could adversely affect the prevailing market prices for our securities and dilute investors' earnings per share. Exercises of presently outstanding share options or warrants may also result in dilution to security holders. A decline in the market prices of our securities could impair our ability to raise additional or sufficient capital through the sale of securities should we desire to do so.

Our management will have substantial discretion concerning the use of proceeds from future share sales and financing transactions.

Our management will have substantial discretion concerning the use of proceeds from any future share sales and financing transactions, as well as the timing of the expenditure of the proceeds thereof. As a result, investors will be relying on the judgment of management as to the specific application of the proceeds of any future sales. Management may use the net proceeds in ways that an investor may not consider desirable. The results and effectiveness of the application of the net proceeds are uncertain.

The regulated nature of our business may impede or discourage a takeover, which could reduce the market price of our Common Shares and the value of your convertible debentures/notes.

We require and hold various government licenses to operate our business, which would not necessarily continue to apply to an acquirer of our business following a change of control. These licensing requirements could impede a merger, amalgamation, takeover, or other business combination involving us or discourage a potential acquirer from making a tender offer for our Common Shares, which, under certain circumstances, could reduce the market price of our Common Shares.

There is no assurance we will continue to meet the listing standards of the NYSE and the TSX.

We must meet continuing listing standards to maintain the listing of our Common Shares on the NYSE and the TSX. If we fail to comply with listing standards and the NYSE and/or the TSX delists our Common Shares, we and our shareholders could face significant material adverse consequences, including:

- a limited availability of market quotations for our Common Shares;
- reduced liquidity for our Common Shares;
- a determination that our Common Shares are "penny stock", which would require brokers trading in our Common Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our Common Shares;
- a limited amount of news and analyst coverage of us; and
- a decreased ability for us to issue additional equity securities or obtain additional equity or debt financing in the future.

As a public company, the business is subject to evolving corporate governance and public disclosure regulations that may from time to time increase both the Company's compliance costs and the risk of non-compliance, which could adversely impact the price of the common shares.

If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately and reliably report our financial results or prevent fraud. As a result, investors may lose confidence in our ability to report financial and other information, which may harm our business, the trading price of our common shares and market value of other securities.

Under Section 404 of the Sarbanes-Oxley Act (" **SOX**"), we will be required to design, document and test the effectiveness of our internal controls over financial reporting ("**ICFR**") during the fiscal year ended June 30, 2020. There is no assurance that our efforts to develop and maintain our internal controls will be successful or sufficient to meet our obligations under SOX. Effective internal controls are required for us to accurately and reliably report our financial results and other financial information. Any failure to design, develop or maintain effective controls; or difficulties encountered in implementing, improving or remediating lapses in internal controls may affect our ability to prevent fraud, detect material misstatements, and fulfill our reporting obligations. As a result, investors may lose confidence in our ability to report timely, accurate and reliable financial and other information, which may expose us to certain legal or regulatory actions, thus negatively impacting our business, the trading price of our common shares and market value of other securities.

The Company is a Canadian company and shareholder protections may differ from shareholder protections in the United States and elsewhere.

We are organized and exist under the laws of British Columbia, Canada and, accordingly, are governed by the BCBCA. The BCBCA differs in certain material respects from laws generally applicable to United States corporations and shareholders, including the provisions and proceedings relating to interested directors, mergers, amalgamations, restructuring, takeovers, shareholders' suits, indemnification of directors, and inspection of corporation records.

The Company is a foreign private issuer within the meaning of the rules under the U.S. Exchange Act, and as such is exempt from certain provisions applicable to United States domestic issuers.

Because we are a "foreign private issuer" under the U.S. Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the U.S. Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- the sections of the U.S. Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of securities registered under the U.S. Exchange Act;
- the sections of the U.S. Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material non-public information under Regulation FD.

We are required to file an annual report on Form 40-F with the United States Securities and Exchange Commission (" **SEC**") within three months of the end of each fiscal year. We do not intend to voluntarily file annual reports on Form 10-K and quarterly reports on Form 10-Q in lieu of Form 40-F requirements. For so long as we choose to only comply with foreign private issuer requirements, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information which would be made available to you if you were investing in a U.S. domestic issuer.

Potential U.S. Entry Restrictions.

A foreign visitor who is involved either directly or indirectly in the cannabis industry may be subject to increased border scrutiny when attempting to enter the United States. Multiple states have legalized aspects of cannabis production, sale and consumption; however, cannabis remains illegal federally in the United States. The U.S. Customs and Border Protection previously advised that border agents may deem a foreign visitor who is involved, either directly or indirectly, in a state-legal cannabis industry as inadmissible. While unassociated trips to the United States may not result in problems

entering the U.S., a foreign visitor attempting to enter the U.S. to proliferate cannabis-associated business may be deemed inadmissible, at the discretion of the border agents.

Participants in the cannabis industry may have difficulty accessing the service of banks and financial institutions, which may make it difficult for us to operate.

Because cannabis remains illegal federally in the United States, U.S. banks and financial institutions remain wary of accepting funds from businesses in the cannabis industry, as such funds may technically be considered proceeds of crime. Consequently, businesses involved in the cannabis industry continue to have trouble establishing banking infrastructure and relationships. The inability or limitation on our ability to open or maintain a bank account in the U.S. or other foreign jurisdictions, obtain other banking services and/or accept credit card and debit card payments may make it difficult to operate and conduct business in the United States or other foreign jurisdictions.

DIVIDENDS AND DISTRIBUTIONS

Aurora has not declared nor paid any cash dividends on any of its issued shares since its inception. Other than requirements imposed under applicable corporate law, there are no other restrictions on the Company's ability to pay dividends under the Company's constating documents.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Common Shares without par value, an unlimited number of Class A shares with a par value of $1.00 each; and an unlimited number of Class B shares with a par value of $5.00 each.

Common Shares

Each Common Share carries the right to attend and vote at all general meetings of shareholders. Holders of Common Shares are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available for the payment of dividends and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Class A Shares

Class A shares may be issued from time to time in one or more series, and the directors may fix from time to time before such issue the number of Class A shares of each series and the designation, rights and restrictions attached thereto including any voting rights, dividend rights, redemption, purchase or conversion rights, sinking fund or other provisions. The Class A shares rank in priority over Common Shares and any other shares ranking by their terms junior to the Class A shares as to dividends and return of capital upon liquidation, dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company.

Class B Shares

Class B shares may be issued from time to time in one or more series, and the directors may fix from time to time before such issue the number of Class B shares of each series and the designation, rights and privileges attached thereto including any voting rights, dividend rights, redemption, purchase or conversion rights, sinking fund or other provisions. The Class B shares rank in priority over Common Shares and any other shares ranking by their terms junior to the Class B

shares as to dividends and return of capital upon liquidation, dissolution or winding up of the Company or any other return of capital or distribution of the assets of the Company.

As of the date of this AIF, there were 1,028,762,723 Common Shares issued and outstanding and 1,187,851,466 on a fully-diluted basis. No class A Shares or Class B Shares are issued or outstanding.

As of the date of this AIF, the dilutive securities are summarized as follows:

Security Type	Common Shares Issuable (#)	Exercise price (average) ($)	Cash proceeds or debt reduction if exercised ($)
Warrants (1)	23,939,396	7.99	N/A
Stock Options	67,750,208	6.83	N/A
Convertible Debentures	65,310,447	10.81	N/A
RSUs	1,959,672	N/A	N/A
DSUs	29,000	N/A	N/A

Notes:

(1) Details of warrants outstanding: (i) 2,187,393 common share purchase warrants exercisable at a price of $6.94 until November 22, 2020; (ii) 9,727,633 common share purchase warrants exercisable at a price of $9.65 until January 31, 2020; (iii) 5,685,435 common share purchase warrants exercisable at a price of $4.00 until November 2, 2020; (iv) 633 common share purchase warrants exercisable at a price of $3.00 until November 2, 2020; (v) 6,173,835 common share purchase warrants exercisable at a price of $9.3717 until August 9, 2023; and (vi) 164,467 common share purchase warrants exercisable at a price of $9.6741 until August 22, 2024.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares have been listed on the TSX under the trading symbol “ACB” since July 24, 2017. The following tables set forth information relating to the trading of the Common Shares on the TSX for the months indicated.

Month	TSX Price Range		Total Volume
	High	Low	
July 2018	9.52	6.53	189,587,987
August 2018	9.38	5.29	428,603,704
September 2018	13.48	7.65	740,328,157
October 2018	16.24	7.25	872,736,309
November 2018	10.65	7.07	372,391,491
December 2018	8.31	6.21	253,376,955
January 2019	9.97	6.59	406,049,392
February 2019	10.94	8.83	325,088,920
March 2019	13.67	9.35	441,776,351
April 2019	12.62	11.30	155,536,967
May 2019	12.24	10.17	130,560,533
June 2019	10.65	9.27	90,896,815

Prior Sales

During the year ended June 30, 2019, the Company issued the following securities, which are convertible into Common Shares but are not listed or quoted on a marketplace:

Date of Issuance	Type of Security Issued	Number of Common Shares Issuable Upon Exercise or Conversion	Exercise or Conversion Price Per Common Share
Stock Options			
July 4, 2018	Stock Options	150,000	$9.28
July 12, 2018	Stock Options	236,000	$9.03
July 13, 2018	Stock Options	50,000	$8.93
July 17, 2018	Stock Options	65,000	$8.06
July 19, 2018	Stock Options	340,000	$7.96
July 20, 2018	Stock Options	140,000	$7.68
July 24, 2018	Stock Options	80,000	$7.70
July 26, 2018	Stock Options	11,404,830	$2.66
July 26, 2018	Stock Options	328,896	$5.45
July 26, 2018	Stock Options	436,144	$4.79
July 26, 2018	Stock Options	580,489	$8.28
July 26, 2018	Stock Options	918,775	$5.45
July 26, 2018	Stock Options	364,650	$4.79
July 26, 2018	Stock Options	80,000	$6.94
July 31, 2018	Stock Options	180,000	$6.81
August 3, 2018	Stock Options	5,527,000	$7.39
August 7, 2018	Stock Options	160,000	$6.54
August 13, 2018	Stock Options	130,000	$6.09
August 20, 2018	Stock Options	160,000	$6.50
August 21, 2018	Stock Options	70,000	$7.61
August 24, 2018	Stock Options	10,000	$8.03
August 27, 2018	Stock Options	25,000	$8.59
August 29, 2018	Stock Options	80,000	$8.54
August 31, 2018	Stock Options	40,000	$8.79
September 6, 2018	Stock Options	120,000	$8.68
September 14, 2018	Stock Options	200,000	$8.30
September 17, 2018	Stock Options	1,100,000	$8.54
September 24, 2018	Stock Options	220,000	$11.84
September 25, 2018	Stock Options	40,000	$12.27
September 28, 2018	Stock Options	200,000	$11.68
October 3, 2018	Stock Options	375,000	$11.93
October 9, 2018	Stock Options	343,000	$12.81
October 12, 2018	Stock Options	65,000	$12.62
October 23, 2018	Stock Options	130,000	$11.42
October 25, 2018	Stock Options	120,000	$9.46
October 31, 2018	Stock Options	130,000	$7.97
November 6, 2018	Stock Options	163,750	$9.56
November 8, 2018	Stock Options	40,000	$10.59
November 9, 2018	Stock Options	730,000	$9.94
November 14, 2018	Stock Options	100,000	$8.74
November 20, 2018	Stock Options	120,000	$8.02
November 27, 2018	Stock Options	288,000	$7.51

Date of Issuance	Type of Security Issued	Number of Common Shares Issuable Upon Exercise or Conversion	Exercise or Conversion Price Per Common Share
November 28, 2018	Stock Options	60,000	$7.29
November 30, 2018	Stock Options	140,000	$7.51
December 5, 2018	Stock Options	270,000	$7.12
December 6, 2018	Stock Options	30,000	$6.21
December 7, 2018	Stock Options	655,000	$7.05
December 11, 2018	Stock Options	100,000	$7.67
December 12, 2018	Stock Options	68,000	$7.93
December 13, 2018	Stock Options	120,000	$8.15
December 14, 2018	Stock Options	240,000	$7.61
December 17, 2018	Stock Options	220,000	$7.84
December 18, 2018	Stock Options	40,000	$7.41
December 21, 2018	Stock Options	702,000	$6.88
December 28, 2018	Stock Options	80,000	$6.80
January 2, 2019	Stock Options	200,000	$6.78
January 3, 2019	Stock Options	250,000	$7.09
January 4, 2019	Stock Options	195,000	$6.91
January 8, 2019	Stock Options	300,000	$6.99
January 9, 2019	Stock Options	201,000	$6.68
January 11, 2019	Stock Options	75,000	$7.88
January 14, 2019	Stock Options	205,000	$8.47
January 15, 2019	Stock Options	40,000	$9.00
January 16, 2019	Stock Options	40,000	$9.26
January 17, 2019	Stock Options	120,000	$9.72
January 21, 2019	Stock Options	68,000	$8.53
January 22, 2019	Stock Options	40,000	$8.40
January 23, 2019	Stock Options	20,000	$8.28
January 25, 2019	Stock Options	120,000	$8.84
January 28, 2019	Stock Options	40,000	$8.88
January 31, 2019	Stock Options	80,000	$9.08
February 4, 2019	Stock Options	120,000	$9.70
February 5, 2019	Stock Options	195,000	$10.55
February 11, 2019	Stock Options	80,000	$9.95
February 13, 2019	Stock Options	170,000	$9.47
February 15, 2019	Stock Options	218,000	$9.43
February 21, 2019	Stock Options	465,000	$9.30
February 26, 2019	Stock Options	40,000	$9.59
February 27, 2019	Stock Options	40,000	$10.20
March 5, 2019	Stock Options	275,000	$9.60
March 8, 2019	Stock Options	140,000	$10.20
March 12, 2019	Stock Options	160,000	$10.62
March 13, 2019	Stock Options (1)	19,961,754	$10.34
March 13, 2019	Stock Options	650,000	$10.64
March 15, 2019	Stock Options	220,000	$11.92
March 18, 2019	Stock Options	525,000	$12.83

Date of Issuance	Type of Security Issued	Number of Common Shares Issuable Upon Exercise or Conversion	Exercise or Conversion Price Per Common Share
March 21, 2019	Stock Options	320,000	$13.03
March 25, 2019	Stock Options	150,000	$12.10
March 28, 2019	Stock Options	512,500	$11.83
March 29, 2019	Stock Options	55,000	$11.85
April 4, 2019	Stock Options	150,000	$11.93
April 5, 2019	Stock Options	120,000	$11.95
April 8, 2019	Stock Options	40,000	$12.28
April 9, 2019	Stock Options	68,000	$12.15
April 16, 2019	Stock Options	335,000	$11.37
April 17, 2019	Stock Options	60,000	$11.82
April 23, 2019	Stock Options	220,000	$12.32
April 24, 2019	Stock Options	80,000	$12.28
April 30, 2019	Stock Options	143,000	$12.18
May 1, 2019	Stock Options	185,000	$12.17
May 6, 2019	Stock Options	200,000	$11.80
May 8, 2019	Stock Options	40,000	$11.58
May 9, 2019	Stock Options	200,000	$11.58
May 10, 2019	Stock Options	200,000	$11.25
May 13, 2019	Stock Options	55,000	$10.83
May 15, 2019	Stock Options	215,000	$11.32
May 16, 2019	Stock Options	70,000	$11.67
May 21, 2019	Stock Options	40,000	$11.71
May 22, 2019	Stock Options	80,000	$11.62
May 24, 2019	Stock Options	50,000	$11.10
May 28, 2019	Stock Options	80,000	$11.25
May 30, 2019	Stock Options	20,000	$10.96
June 3, 2019	Stock Options	40,000	$10.27
June 4, 2019	Stock Options	95,000	$9.64
June 6, 2019	Stock Options	40,000	$10.37
June 10, 2019	Stock Options	120,000	$10.13
June 11, 2019	Stock Options	42,125	$10.52
June 12, 2019	Stock Options	120,000	$10.32
June 13, 2019	Stock Options	120,000	$10.32
June 25, 2019	Stock Options	20,000	$9.94
June 26, 2019	Stock Options	125,000	$9.84
June 28, 2019	Stock Options	230,000	$10.24
Convertible Notes			
January 24, 2019	Senior Notes (2)	47,737,650	US$7.32
Warrants			
July 25, 2018	Warrants	10,278,125	$9.65
August 8, 2018	Warrants	6,358,210	$9.37
November 22, 2018	Warrants	2,255,219	$6.94
March 13, 2019	Warrants	74	$6.94

Date of Issuance	Type of Security Issued	Number of Common Shares Issuable Upon Exercise or Conversion	Exercise or Conversion Price Per Common Share
April 9, 2019	Warrants	1,342	$6.94
June 10, 2019	Warrants	388	$6.94
RSU and DSUs			
July 12, 2018	RSUs	128,527	$9.03
August 3, 2018	RSUs	440,000	$7.39
September 17, 2018	RSUs	55,000	$8.54
November 9, 2018	RSUs	10,000	$9.94
November 30, 2018	DSUs	24,000	$7.51
February 15, 2019	RSUs	5,000	$9.43
February 15, 2019	DSUs	5,000	$9.43
February 21, 2019	RSUs	75,000	$9.30

(1) These options were granted to ACI Holdings. See *"Developments during the Financial Year ended June 30, 2019"*. These options are inducement options and do not form part of the allocation under our Stock Option Plan.

(2) These Senior Notes are unsecured, mature on February 28, 2024 and bear interest at a rate of 5.5% per annum, payable semi-annually. The initial conversion rate for the Senior Notes is 138.37 Common Shares per US$1,000 principal amount of Senior Notes, equivalent to an initial conversion price of approximately US$7.23 per Common Share. The initial conversion rate is subject to adjustment in certain events.

ESCROWED SECURITIES

The following table includes the balance of escrowed securities as at June 30, 2019:

Designation of Class	Number of Securities held in Escrow (1)	Percentage of Class (2)
Common Shares	723,255	0.07%
Options	Nil	Nil
Warrants	Nil	Nil

Notes:
(1) Pursuant to an escrow agreement dated November 30, 2017, 2,878,934 Common Shares were deposited into escrow with respect to the acquisition of H2. The escrowed Common Shares were to be released upon achievement of certain milestones relating to the completion of construction of a production facility and receipt of relevant licenses to cultivate and sell medical cannabis. As of the date of this AIF, all applicable milestones have been achieved and the applicable quantities of Common Shares have been released. The balance of Common Shares held in escrow are pending cancellation.
(2) Based on 1,017,438,744 Common Shares issued and outstanding as at June 30, 2019.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth information regarding our directors and executive officers. Each of the directors is elected to hold office until the next annual meeting of the Company or until a successor is duly elected or appointed.

Name and Province or State and Country of Residence	Position with Aurora	Director or Officer Since	Principal Occupation(s) for the Last Five years(1)
Michael Singer **Quebec, Canada**	Executive Chairman	May 2016	Executive Chairman of Aurora; CPA, CGA, Consultant and Entrepreneur; Previously was independent Director and Chairman of the Board from May 2016 until February 2019; CFO of Clementia Pharmaceuticals Inc. from May 2015 until July 2018; CFO of Bedrocan Cannabis Corp. from May 2014 to June 2015.
Terry Booth **Alberta, Canada**	CEO and Director	December 2014	Chief Executive Officer and Director of Aurora; President and part owner of Superior Safety Codes Inc.
Steve Dobler **Alberta, Canada**	President and Director	December 2014	President and Director of Aurora; Professional Engineer; Vice President and part owner of Superior Safety Codes Inc.; President of ICC Enterprises Corp. since May 2002.
Ron Funk(2) (3) (4) **Ontario, Canada**	Lead Independent Director	July 2018	Owner of Funk Consulting (May 2009 to present).
Jason Dyck(3) (4) (5) **Alberta, Canada**	Independent Director	March 2015	Director of Aurora; Professor, Department of Pediatrics, University of Alberta since July 1999; and Vice-President, Metabolic Modulators Research Ltd. since July 1999.
Norma Beauchamp(4) (5) **Ontario, Canada**	Independent Director	July 2018	Director of Aurora; Self-employed public company director; past President and CEO, Cystic Fibrosis Canada.
Margaret ("Shan") Atkins(2) (5) Florida, USA	Independent Director	February 2019	Director of Aurora; Chartered Professional Accountant (CPA, CA) and Certified Public Accountant; Self-employed public company director (May 2003 to present); Owner of Chetrum Capital LLC (2002 to February 2018).
Adam Szweras(2) (3) Ontario, Canada	Independent Director	August 2015	Director of Aurora; Barrister & Solicitor; Partner at Fogler, Rubinoff LLP since February 2006; and Chairman of Foundation Markets Inc. since December 2005.
Glen Ibbott British Columbia, Canada	Chief Financial Officer	May 2017	Chief Financial Officer of Aurora; Chartered Professional Accountant (CPA, CA) and Certified Public Accountant; CFO of QLT Inc. from January 2015 to April 2017; Vice President of Finance of Nordion Inc. August 2010 to Dec 2014.
Cam Battley Ontario, Canada	Chief Corporate Officer	March 2016	Chief Corporate Officer of Aurora; Executive Vice-President of Aurora (March 2016 to January 2018); President at Health Strategy Group (December 1997 to March 2016).
Allen Cleiren Alberta, Canada	Chief Operating Officer	May 2017	Chief Operating Officer of Aurora; Chartered Professional Accountant (CPA, CA); COO of Jardine Lloyd Thompson Canada Inc. from June 2016 to June 2017; Executive Vice-President of Universal Rail Systems Inc., from April 2012 to February 2016.

Name and Province or State and Country of Residence	Position with Aurora	Director or Officer Since	Principal Occupation(s) for the Last Five years(1)
Darren Karasiuk Ontario, Canada	Chief Commercial Officer	September 2018	Chief Commercial Officer of Aurora; former Senior Vice President, Recreational Marketing at MedReleaf; Associate at Marijuana Policy Group, LLC from October 2016 to March 2018; Vice President, Insights and Advisory at Deloitte Canada from August 2015 to October 2016; Vice President, Strategy at Environics Research Group Ltd. from 2011 to July 2015.
Neil Belot British Columbia, Canada	Chief Global Business Development Officer	September 2015	Chief Global Business Development Officer of Aurora; Chief Brand Officer at Aurora from September 8, 2015 to March 20, 2017; Executive Director of Canadian Medical Cannabis Industry Association from November 2014 to September 2015; Gas Portfolio & Energy Services Manager of Housing Services Corp. from September 2012 to September 2014.
Jonathan Page British Columbia, Canada	Chief Science Officer	November 2018	Chief Science Officer of Aurora; CEO at Anandia Laboratories (January 2014 to October 2018).
Jillian Swainson Alberta, Canada	Chief Legal Officer and Corporate Secretary	February 2018	Chief Legal Officer and Corporate Secretary of Aurora; Senior VP and General Counsel (January 2018 to February 2019); former Partner at Brownlee LLP.
Debra Wilson Alberta, Canada	Chief Human Resources Officer	June 2017	Chief Human Resources Officer of Aurora; Vice President, Human Resources of Aurora, June 2017 to August 2018; Instructor at Northern Alberta Institute of Technology, August 2016 to July 2017; Director of HR of Universal Rail from October 2013 to March 2016; VP of HR & OD of Alberta Pensions Services from January 2011 to October 2016.
Darryl Vleeming Alberta, Canada	Chief Information Officer	October 2017	Chief Information Officer of Aurora; Chief Information Officer at Capital Power (August 2006 to September 2017).

Notes:

(1) The information as to the principal occupation, business or employment is not within the knowledge of the Company and has been furnished by the respective director.

(2) Member of the Audit Committee

(3) Member of the Human Resources and Compensation Committee

(4) Member of the Nominating and Corporate Governance Committee

(5) Member of the Science Committee

As of the date of the AIF, our directors and executive officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 38,500,000 Common Shares, representing approximately 3.7% of the issued and outstanding Common Shares. The statement as to the number of Common Shares beneficially owned directly or indirectly, or over which control or direction is exercised by the directors and executive officers of the Company as a group is based upon information furnished by the directors and executive officers.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, no director or executive officer of the Company is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Exception:

Adam Szweras was a director and secretary of Bassett Media Group Corp. (" **Bassett**"), a TSX-V listed company, until March 16, 2010. Bassett has been subject to a cease trade order since June 16, 2010 due to not filing its financial statements and management's discussion and analysis pursuant to NI 51-102.

No director or executive officer of the Company, nor a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No director or executive officer of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction.

If a conflict of interest arises, the Company will follow the provisions of the BCBCA dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and the best interest of the Company.

LEGAL PROCEEDINGS

During the financial year ended June 30, 2019, there are no legal proceedings to which the Company is a party to or to which any of its property is subject outside of the ordinary course of the Company's business, and no such proceedings are known to the Company to be contemplated.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this AIF and in the consolidated financial statements of the Company for the year ended June 30, 2019, to the best of the Company's knowledge, none of the directors or executive officers of the Company, or any shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the Company's outstanding Common Shares, or any known associates or affiliates of such persons, had any material interests, direct or indirect, in any transaction within the three most recently completed financial years or during the current year that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRARS

The Company's Registrar and Transfer Agent is Computershare Investor Services Inc., located at 510 Burrard Street, 3 rd Floor, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Company during the 12-month period ended June 30, 2019 which are material, or entered into before the 12-month period ended June 30, 2019, but are still in effect and which are required to be filed with Canadian securities regulatory authorities in accordance with Section 12.2 of National Instrument 51-102 – *Continuous Disclosure Obligations,* are the following:

- the acquisition of CanvasRx on August 17, 2016;
- the Master Services Agreement with Radient;
- the investment in Alcanna;
- the Arrangement Agreement with MedReleaf on July 25, 2018;
- the acquisition of Anandia on August 8, 2018;
- the $200 million debt facility with the Bank of Montreal; and
- the acquisition of ICC.

INTEREST OF EXPERTS

Name of Experts

The following are the persons or companies who were named as having prepared or certified a statement, report or valuation in this AIF either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company:

KPMG LLP, the Company's independent auditors, has prepared an independent audit report dated September 10, 2019 in respect of the Company's audited consolidated financial statements for the years ended June 30, 2019 and 2018.

Interests of Experts

KPMG LLP, auditors of the Company, have confirmed that they are independent of the Company within the meaning of the 'Rules of Professional Conduct' of the Chartered Professional Accountants of British Columbia.

AUDIT COMMITTEE

The Company's audit committee has various responsibilities as set forth in NI 52-110 made under securities legislation, concerning constitution of its audit committee and its relationship with its independent auditor and among such responsibilities being a requirement that the audit committee establish a written charter that sets out its responsibilities.

Composition of the Audit Committee

At the present time, the Company's Audit Committee is composed of the following members:

Member	Independent/Not Independent (1)	Financially Literate/ Not Financially Literate (2)	Relevant Education and Experience
Margaret (Shan) Atkins Chair	Independent	Financially Literate	Shan is a chartered public accountant in Canada, a certified public accountant in the United States and holds an MBA through Harvard Business School and a BComm (with honours) through Queens University. She has acted as an independent director and as chair of the audit committee for a number of public companies.
Adam Szweras	Independent	Financially Literate	Adam is a partner at Fogler, Rubinoff LLP. He is currently Chairman of a merchant bank and serves as a director and/or officer and audit committee member for other publicly traded companies.
Ron Funk	Independent	Financially Literate	Ron holds an MBA from Kellogg/Schulich and has been providing consulting services since 2009. He previously served on the Board of MedReleaf prior to its acquisition by the Company, where he served as a member of its audit committee.

Notes:

(1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company that could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

(2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Audit Committee Charter

A copy of the charter of the audit committee is available as Schedule "A" to this AIF.

Audit Committee Oversight

The Audit Committee has not made any recommendations to the Board to nominate or compensate any auditor other than KPMG for the fiscal year ended June 30, 2019.

Reliance on Certain Exemptions

At no time has the Company relied on an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services, other than as set out in the audit committee charter.

External Auditor Service Fees (By Category)

The Audit Committee has reviewed the nature and amount of the audit services provided by KPMG to the Company to ensure auditor independence. The aggregate fees billed by the Company's external auditor during the financial years ended June 30, 2019 and June 30, 2018 are as follows:

Financial Period Ending	Audit Fees ($)(1)	Audit Related Fees ($)(2)	Tax Fees ($)(3)	All Other Fees ($)(4)
2019	1,655,500	19,341	967,352	1,655,500
2018 (5)	890,000	—	15,345	—

Notes

(1) "Audit Fees" includes fees for the performance of the annual audit and quarterly reviews of the financial statements, which includes the audit of significant transactions and matters.

(2) "Audit-Related Fees" includes fees for assurance related services that have not been reflected under (1). This includes, but is not limited to, the review of the Annual Information Form and consultations on new accounting standards and matters and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" includes fees for, tax planning, tax structuring and tax advice. The Company incurred $176,000 of tax compliance fees for the financial period ending June 30, 2019.

(4) "All Other Fees" refers to fees for ad hoc projects, which include reviews of prospectus and financing documents.

(5) MNP LLP, Chartered Professional Accountants ("**MNP**"), was the auditor of Aurora for Aurora's financial year ended June 30, 2018. MNP resigned as the auditors of Aurora, effective July 1, 2018, the beginning of Aurora's fiscal year 2019, to facilitate the appointment of KPMG. For more information, refer to the Notice of Change of Auditor dated September 25, 2018 filed under Aurora's SEDAR profile on October 3, 2018. The 2018 external auditor fees were billed by MNP.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under the Company's equity compensation plans, as applicable, is contained in the Company's Management Information Circular for its most recent Annual General Meeting.

Additional financial information is provided in the Company's Audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended June 30, 2019 which may be obtained upon request from Aurora's head office, or may be viewed on the Company's website (www.auroramj.com).

SCHEDULE "A"
AUDIT COMMITTEE CHARTER

Purpose

The primary purpose of the Audit Committee ("the Committee") of the Board of Directors ("the Board") of Aurora Cannabis Inc. ("Aurora" or "the Company") shall be to act on behalf of the Board in fulfilling the Board's oversight responsibilities with respect to:

(i) The integrity of the Company's financial statements;
(ii) The Company's compliance with legal and regulatory requirements;
(iii) The independent auditor's qualifications and independence; and
(iv) The performance of the Company's internal audit function and independent auditor.

The policy of the Committee, in discharging these obligations, shall be to maintain and foster an open avenue of communication between the Committee, the Auditors, and the Company's financial management teams.

Composition

The Committee shall consist of at least three (3) members of the Board and shall satisfy the independence and financial literacy requirements imposed by the applicable securities legislation and by any stock exchange policies on which any of the Company's capital stock is listed, including any exceptions permitted by such requirements.

Term of Office

The members of the Committee will be appointed or re-appointed by the Board on an annual basis. Each member of the Committee will continue to be a member thereof until such member's successor is appointed, or until such member resigns or is removed by the Board. The Board may remove or replace any member of the Committee at any time. However, a member of the Committee will automatically cease to be a member of the Committee upon either ceasing to be a Director of the Board or ceasing to meet the requirements established, from time to time, by any Regulators. Vacancies on the Committee will be filled by the Board.

Chair

The Board will appoint the Chair of the Committee annually, to be selected from the members of the Committee. If, in any year, the Board does not make an appointment of the Chair, the incumbent Chair will continue in office until that Chair's successor is appointed

Meetings and Minutes

The Committee will meet at least once during each fiscal quarter and hold such meetings as its members shall deem necessary or appropriate. Minutes of each meeting of the Committee shall be prepared and distributed to each Director of the Company.

Quorum

A quorum at any meeting will be a simple majority of Committee members, provided that if the number of Committee members is an even number, one half of the number plus one shall constitute a quorum.

Duties and Responsibilities

The Audit Committee is appointed by the Board of Directors of the Company (the "Board") to oversee the accounting and financial reporting process of the Company and audits of the financial statements of the Company. The Audit Committee's primary duties and responsibilities are to:

Interaction with the Independent Auditor:

(a) *Appointment and Oversight.* The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor (including resolution of any disagreements between Company management and the independent auditor regarding financial reporting) and any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or related work or performing the audit, review or attest services for the Company, and the independent auditor and such other registered public accounting firm must report directly to the Committee. The Committee, or the Chair of the Committee, must pre-approve any audit and non-audit service provided to the Company by the independent auditor, unless the engagement is entered into pursuant to appropriate preapproval policies established by the Committee.

(b) *Annual Report on Independence and Quality Control.* The Committee must, as least annually, obtain and review a report from the independent auditor describing:

(i) The auditing firm's internal quality-control procedures;
(ii) Any material issues raised by the most recent internal quality-control review or peer review of the auditing firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years relating to any independent audit conducted by the auditing firm, and any steps taken to deal with any such issues; and
(iii) All relationships and services between the independent auditor and the Company in order to assess the independent auditors' independence.

Annual Financial Statements and Annual Audit

(c) *Audit Problems.* The Committee must discuss with the independent auditor any audit problems or difficulties and management's response.

(d) *Annual Report on Form 20-F Review.* The Committee must review and discuss the annual audited financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(e) *Audit Committee Report.* The Committee must provide the Company with the report of the Committee with respect to the audited financial statements for inclusion in each of the Company's annual proxy statements.

Quarterly Financial Statements

(f) *Form 10-Q Review.* The Committee must review and discuss the quarterly financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(g) *Approval.* The Committee, as delegated by the Board, has the authority to approve the quarterly financial statements and accompanying "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Other Duties and Responsibilities

(h) *Enterprise Risk and Assurance.* The Enterprise Risk and Assurance ("ERA") function provides management and the Audit Committee with ongoing assessment and information regarding the Company's risk management processes and system of internal control, including the delivery of internal audit services and assurance projects. ERA will functionally report to the Audit Committee. Oversight responsibilities of the Committee include:

  (i) *Implementation.* The Committee must assist with Board oversight of the design and implementation of the ERA function.
  (ii) *Risk Assessment and Risk Management.* The Committee must discuss the Company's policies with respect to risk assessment and risk management.
  (iii) *Approve the Enterprise Risk and Assurance Charter.* The Committee must approve the Enterprise Risk and Assurance Charter, significant revisions, as well as receive communication from the function's leadership on an annual basis confirming the scope, mandate, and independence of the ERA function.
  (iv) *Annual Risk-Based Audit and Assurance Plan.* The Committee must annually approve the annual Risk-Based Audit and Assurance Plan, which includes the planned projects for the upcoming fiscal year, as well as any significant changes to the plan during the fiscal year to accommodate ad-hoc and management requests.
  (v) *Quarterly Reporting.* The Committee must receive communications from the function's leadership on performance relative to the Risk-Based Audit and Assurance Plan, results of planned projects, the ERM Framework, and other matters.
  (vi) *Function Performance.* The Committee must discuss the effectiveness of the ERA function and approve any decisions regarding the appointment and removal of the Senior Manager, Enterprise Risk and Assurance.

(i) *Review of Earnings Releases.* The Committee must discuss the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

(j) *Hiring of Independent Auditor Employees.* The Committee must set clear hiring policies for employees or former employees of the Company's independent auditor.

(k) *Complaint Procedures.* The Committee must establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential and anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.

(l) *Reports to the Board of Directors.* The Committee must report regularly to the Board regarding the activities of the Committee.

(m) *Committee Self-Evaluation.* The Committee must at least annually perform an evaluation of the performance of the Committee.

The Board and management will ensure that the Audit Committee has adequate funding to fulfill its duties and responsibilities.

Pre-Approval of Non-Audit Services

The Audit Committee may delegate to the chair the authority to pre-approve non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor. The pre-approval of non-audit services must be presented to the Audit Committee at its first scheduled meeting following such pre-approval.

The Audit Committee may satisfy its duty to pre-approve non-audit services by adopting specific policies and procedures for the engagement of the non-audit services, provided the policies and procedures are detailed as to the particular service, the Audit Committee is informed of each non-audit service and the procedures do not include delegation of the Audit Committee's responsibilities to management.

External Advisors

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

External Auditors

The external auditors are ultimately accountable to the Audit Committee and the Board, as representatives of the shareholders. The external auditors will report directly to the Audit Committee. The Audit Committee will:

(a) review the independence and performance of the external auditors and annually recommend to the Board the nomination of the external auditors or approve any discharge of external auditors when circumstances warrant;
(b) approve the fees and other significant compensation to be paid to the external auditors;
(c) on an annual basis, review and discuss with the external auditors all significant relationships they have with the Company that could impair the external auditors' independence;
(d) review the external auditors' audit plan to see that it is sufficiently detailed and covers any significant areas of concern that the Audit Committee may have;
(e) before the financial statements are issued, discuss certain matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants;
(f) consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting;
(g) resolve any disagreements between management and the external auditors regarding financial reporting;
(h) approve in advance all audit services and any non-prohibited non-audit services to be undertaken by the external auditors for the Company; and
(i) receive from the external auditors timely reports of:
    (i) all critical accounting policies and practices to be used;
    (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditors; and
    (iii) other material written communications between the external auditors and management.

Legal Compliance

On at least an annual basis, the Audit Committee will review with the Company's legal counsel any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.

Complaints

Individuals are strongly encouraged to approach a member of the Audit Committee with any complaints or concerns regarding accounting, internal accounting controls or auditing matters. The Audit Committee will from time to time establish procedures for the submission, receipt and treatment of such complaints and concerns. In all cases the Audit Committee will conduct a prompt, thorough and fair examination, document the situation and, if appropriate, recommend to the Board appropriate corrective action.

To the extent practicable, all complaints will be kept confidential. The Company will not condone any retaliation for a complaint made in good faith.

Review and Disclosure

The Committee will periodically review and reassess this Charter as it deems appropriate and submit any recommend changes to the Board for approval.

The Committee will ensure that this Charter is disclosed on the Company's website and that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements.

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Aurora Cannabis Inc.

We consent to the use of our report dated September 10, 2019, with respect to the consolidated statement of financial position of Aurora Cannabis Inc. as of June 30, 2019, the related consolidated statement of comprehensive (loss) income, changes in equity, and cash flows for the year ended June 30, 2019, and the related notes, included in this annual report on Form 40-F.

We also consent to the incorporation by reference of such report in the Registration Statement (333-230692) on Form F-10/A of Aurora Cannabis Inc.

Our report on the consolidated financial statements refers to changes in accounting policies for revenue recognition and financial instruments in 2019 due to the adoption of IFRS 15 – *Revenue from Contracts with Customers* and IFRS 9 – *Financial Instruments*.

/s/ KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
September 10, 2019