



## ***Management Discussion & Analysis***

Quarter ended September 30, 2020

November 30, 2020

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## Management Discussion and Analysis (“MD&A”)

The following MD&A is prepared as of November 30, 2020 and is intended to assist the understanding of the results of operations and financial condition of Radiant Technologies Inc. (the “Company” or “Radiant”).

This MD&A should be read in conjunction with Radiant’s unaudited interim condensed consolidated financial statements and related notes for the three and six months ended September 30, 2020 and the audited consolidated financial statements for the year ended March 31, 2020 and accompanying MD&A (“Annual MD&A”). The financial statements, Annual MD&A and additional information about Radiant, including Radiant’s Annual Information Form for the year ended March 31, 2020 (“AIF”), can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Such additional information is not incorporated by reference herein, unless otherwise specified, and should not be deemed to be part of this MD&A.

The Company’s interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34: “Interim Financial Reporting.” The notes to the interim condensed consolidated financial statements are condensed as they do not include all the information required in audited annual financial statements. All dollar amounts are expressed in Canadian currency unless otherwise indicated.

Certain information contained herein includes market and industry data that has been obtained from or is based upon estimates derived from third party sources, including industry publications, reports and websites. Third party sources may state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance or guarantee as to the accuracy or completeness of included data. Although the data is believed to be reliable, neither the Company nor its agents have independently verified the accuracy, currency, reliability or completeness of any of the information from third party sources referred to in this MD&A or ascertained from the underlying economic assumptions relied upon by such sources. The Company disclaims any responsibility or liability whatsoever in respect of any third-party sources of market and industry data or information.

### Non-IFRS Measures

In this MD&A, certain terms that are not specifically defined in International Financial Reporting Standards (“IFRS”) are used to analyze Radiant’s operations. In addition to the primary measures of net (loss) income and net (loss) income per share in accordance with IFRS, Radiant believes that certain measures not recognized under IFRS assist both Radiant and the reader in assessing performance and understanding the Company’s results. As a result, the method of calculation may not be comparable with other companies. These measures should not be considered alternatives to net (loss) income and net (loss) income per share as calculated in accordance with IFRS.

Working capital – working capital is calculated as current assets less current liabilities.

## Forward-Looking Statements

This MD&A offers our assessment of Radiant's future plans and operations as of November 30, 2020 and contains "forward-looking statements" and "forward-looking information" within the meaning of applicable securities law (collectively referred to in this MD&A as "forward looking statements"). All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Radiant anticipates or expects may, or will occur in the future (in whole or in part) should be considered forward-looking statements.

In some cases, forward-looking statements can be identified by the use of the words "will", "can", "possible", "may", "believe", "expect", "anticipate", "future", "typical", "opportunity", "continue", "should", "intend", "budget", "plan", "potential" and similar expressions. In particular, but without limiting the foregoing, this MD&A contains forward-looking statements pertaining to the following: Radiant's corporate structure; the Company's extraction methods; technology and intellectual property; Radiant's corporate focus; business model and strategy; the Company's competitive position; predictions regarding competitor extraction technologies; the price of cannabinoids; the demand for cannabis based products; Radiant's clients and their product offerings; Radiant's partnerships and joint ventures; the Company's regulatory compliance procedures; Radiant's research initiatives; the Company's intellectual property strategy; the Company's product offerings and the demand for same; market opportunities; the impact of COVID-19 on the Company's operations; the construction of additional infrastructure and facilities in Edmonton and internationally; the Company's ATM Program; Radiant's production capacity and capability; the Company's expansion projects, including the specifications, timing and cost thereof; recurrence of certain expenditures; costs of production for industrial scale volumes; and liquidity and capital resources, including the Company's ability to generate sufficient amounts of cash through operations and financing activities (including the Company's planned debenture financing).

This MD&A should be read in conjunction with the risk factors described in the "Risk Factor" section of Radiant's Annual MD&A and the "Risk Factors" and "Introductory Notes – Cautionary Note Regarding Forward-Looking Information" sections of Radiant's AIF.

By their nature, forward-looking statements are subject to numerous risks and uncertainties, including those discussed below. You are cautioned that the assumptions used in the preparation of forward-looking statements, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements. No assurance can be given that any of the events anticipated will transpire or occur, or if any of them do so, what benefits Radiant will derive from them. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless required by law.

## Core Business and Strategy

### Overview

The Company presents its results on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they become due. The Company's ability to generate sufficient cash flows to maintain normal operations, if unsuccessful, will result in it not being able to continue as a going concern.

The Company has incurred significant losses to date. The net loss for the three and six months ended September 30, 2020 were \$3,409,246 (2019 - \$6,882,035) and \$8,840,332 (2019 - \$13,233,077) respectively. As at September 30, 2020 the Company had a deficit of \$136,123,741 (September 30, 2019 - \$103,098,677). These balances indicate there is material uncertainty about the Company's ability to continue as a going concern.

The Company currently has a working capital deficiency of \$16,931,312 (March 31, 2020 - \$16,401,248). The deficit balance indicates that there is material uncertainty about the Company's ability to continue as a going concern.

At September 30, 2020, the Company is in arrears with trade creditors, rent, long-term debt, and lease liabilities. Subsequent to September 30, 2020, the Company is continuing to work on several potential financings.

Management has been able, thus far, to finance operations through debt and equity financings and will continue, as appropriate, to seek financing from these and other sources; however, there are no assurances that any such financings can be obtained on favourable terms, if at all. In view of these conditions, the ability of the Company to continue as a going concern is dependent upon its continued ability to obtain financing, generate sufficient cash flows and, ultimately, achieve profitable operations. The financial statements for the periods presented do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business as a going concern and that such adjustments could be material.

In conjunction with the March 31, 2020 year-end, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations. Management have given consideration as to the impact of COVID-19 on the Company and concluded that the consolidated financial statements appropriately reflect and disclose management's best estimate and uncertainty regarding the impact of COVID-19 on the Company's future operations and financial results.

Radiant was initially incorporated on June 12, 2001 pursuant to the provisions of the *Company Act* (British Columbia), transitioned pursuant to the provisions of the *Business Corporations Act* (British Columbia) on July 7, 2004 and was continued under the *Canada Business Corporations Act* on February 3, 2010. On May 22, 2014, pursuant to a plan of arrangement, Radiant amalgamated with Madison Capital Corporation (“Madison”), a Capital Pool Company as defined in TSX Venture Exchange (“TSXV”) Policy 2.4 – *Capital Pool Companies* (“Policy 2.4”), incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on June 13, 2011 and continued under the *Canada Business Corporations Act* on May 14, 2014, forming a new entity called “Radiant Technologies Inc.” This transaction constituted the qualifying transaction of Madison in accordance with the requirements of Policy 2.4. Radiant trades on the TSXV under the symbol “RTI” and on the OTCQX®Best Market (“OTC”), operated by OTC Markets Group under the ticker symbol “RDDTF”.

The head office of Radiant is located at 9426 – 51 Avenue NW, Edmonton, Alberta, T6E 5A6 and the registered and records office is located at 2900 – 550 Burrard Street, Vancouver, British Columbia, V6C 0A3. Radiant also operates a production facility located at 4035 – 101 St NW, Edmonton, Alberta, T6E 0A4 and a research and development lab at 8223 Roper Road NW, Edmonton, Alberta, T6E 6S4 (the “Roper Road Facility”).

The subsidiaries of the Company as at September 30, 2020 are as follows:

Name of entity	Ownership
Radiant Technologies (Cannabis) Inc. (“RTC”)	100%
Radiant Technologies Innovations Inc. (“RII”)	100%
Radiant Technologies (Switzerland) Inc. (“RTS”)	100%
1631807 Alberta Ltd. (“163 Alberta”)	100%
MAG Innovations GmbH (“MAG”) subsidiary of RTS	100%

The Company had a 50% interest in Natac Solutions S.L. which was incorporated in the year ended March 31, 2020. The Company’s interest was terminated on August 13, 2020 for nominal proceeds.

RTC, which operates the Company’s Canadian cannabis business, was incorporated on February 20, 2018 and holds certain of the Company’s Canadian cannabis-related licences. Radiant owns 100% of 163 Alberta, which is the owner and landlord of various properties, including Radiant’s Edmonton production facility. Prior to May 3, 2018, Radiant owned a 50% interest in 163 Alberta. RII was incorporated on October 12, 2018 and is intended to hold the Company’s Canadian generated intellectual property. RTS was incorporated on January 29, 2019 and holds the Company’s European investments (including MAG which was incorporated on February 21, 2019). MAG will hold all assets related to the Company’s proposed German cannabis related operations.

Radiant has historically manufactured high-value natural ingredients for global customers in the food and beverage, nutraceuticals, pharmaceuticals and cosmetics and personal care industries. In the year ended March 31, 2017, the Company expanded its offerings to the fast-growing cannabinoids market utilizing its extraction platform to process and extract cannabinoids, including cannabidiol (“CBD”) and tetrahydrocannabinol (“THC”), from cannabis biomass. The Company’s core focus is on processing and manufacturing efforts in the cannabis industry for the near and mid-term.

Using the Company’s proven extraction and product development platform, Radiant extracts these natural ingredients at lower cost, higher quality and at greater throughput than competing methods.

## **Background**

Radiant was founded in 2001 by Dr. Steven Splinter, its current Chief Technology Officer, and Vizon SciTec Inc., formerly BC Research Inc., to pursue commercial opportunities related to the patented platform natural product extraction technology for applications in the pharmaceutical, nutraceutical, food and cosmetic industries.

In the year ended March 31, 2018, the Company explored opportunities with Aurora Cannabis Inc. (“Aurora”) which culminated in a Master Services Agreement (“MSA”) finalized on November 6, 2017, pursuant to which the Company agreed to perform certain services for Aurora using its proprietary extraction technology, in relation to supply of standardized cannabis extracts. The MSA has an initial term of five years, with an option for Aurora to renew the agreement for an additional five years. As a part of the partnership, Aurora has invested approximately \$14.0 million in the Company through a combination of convertible debentures (that converted into equity in fiscal 2018), private placements and warrant exercises. As of September 30, 2020, Aurora held 33,101,542 common shares of Radiant representing approximately 10.33% of the issued and outstanding common shares and 8.24% of the issued and outstanding common shares on a fully diluted basis. In connection with the MSA, Radiant and Aurora entered into an Investor Rights Agreement that provides Aurora with certain rights to participate in future offerings, providing Aurora with the option to expand its ownership in the Company up to 19.99%. Also, in accordance with the Investor Rights Agreement, Aurora has the right to appoint one director to the Company’s Board of Directors (the “Board”) who, since February 4, 2019, has been Allan Cleiren, Chief Operating Officer of Aurora.

The Aurora MSA was the precursor of the Company’s entry into the cannabis space and its focus on establishing appropriate production facilities, required licences and human capital to deliver on the MSA.

## The Technology

Radiant's proprietary extraction and processing technology is based on the use of microwave energy to enhance the extraction of valuable natural compounds from renewable biomass. Using proprietary continuous-flow equipment, Radiant is able to precisely control extraction temperature and extraction time, both of which can affect extract purity and extract profile. At the same time, any possible effects associated with excessive heating can be minimized while ensuring that all of the material is extracted for the same time at the same temperature. This careful control of extraction parameters is something that is very difficult to achieve at large scale with conventional methods. The result is a rapid-speed, high-throughput, highly efficient controlled extraction process that does not rely on closed or pressurized batch vessels.

For cannabis, Radiant's extraction method can often eliminate additional processing steps required in many conventional methods, such as winterization, which can typically add a half day or more to the extraction process. Winterization can also lead to loss of cannabinoids and other desirable active compounds. In addition, Radiant's continuous-flow process is designed so that cannabis biomass does not need to be decarboxylated prior to extraction. By decarboxylating downstream, it is possible to retain many of the active compounds found in the original plant, such as the volatile terpenes and, if desired, to control the degree of decarboxylation and thereby obtain extracts containing a mixture of acidic and neutral cannabinoids.

Compared to conventional extraction methods, Radiant's continuous-flow proprietary extraction and processing technology offers cannabinoid recoveries exceeding 95% for resulting high final product yields. Management believes this proprietary high efficiency process combined with high throughput capacities and process economics gives Radiant a strong competitive advantage over other existing methods.

## Business Model

Radiant's core revenue generation activities related to cannabis activities are primarily focused on the following two areas:

1. **Manufacturing Services ("tolling fees")** – Radiant leverages its know-how and infrastructure to produce higher value and higher margin products on behalf of its customers. In these instances, the customer sends its biomass to Radiant for processing. Radiant will process, for a specified fee, the material into extracts, distillates, concentrates or oils and ship back the finished materials to its customers.
2. **Manufactured Products** – Radiant procures cannabis biomass for the manufacture of cannabis extracts, distillates, concentrates and oils for its own use. Radiant inventories the biomass for use in production and then sells the resultant production, which may include cannabinoid oils, formulations or extracts and distillates to holders of a licence for processing ("Licensed Producers") under the *Cannabis Act* (Canada) ("Cannabis Act") and the *Cannabis Regulations* (Canada) ("Cannabis Regulations") for use in their consumer/patient products. As Radiant's business matures, this will allow Radiant to further expand its opportunities by providing manufactured products to Licensed Producers who may rebrand those products as their own (known as white-labelling).

## **Corporate Focus**

Since its inception in 2001, Radiant has completed numerous feasibility and scale studies using its proprietary extraction techniques and has proven the effectiveness of its extraction platform for a broad range of biomass inputs using varying solvent systems. As Canada moved to legalize both medical and adult-use cannabis, Radiant foresaw a need for companies with the technical and scientific expertise to perform high quality extraction of cannabinoids. The Company has shifted its focus and resources into developing large scale extraction for cannabis and hemp, and received its Standard Processing License from Health Canada in early 2019. Building on its proprietary extraction technology and extensive research and development capabilities, Radiant is now turning its cannabis extracts into finished consumer products for both the medical and recreational markets.

## ***Cannabis Activities***

Radiant aims to become a leader in cannabis and hemp extraction through the use of its proprietary technology to deliver the highest levels of scale, quality and consistency. The Company has invested 20 years to develop its proprietary extraction technology and methods. The Company has concentrated its efforts over the past two years on optimizing its technology and increasing capacity for the extraction of cannabinoids from cannabis and hemp.

In February 2019, the Company received its Standard Processing Licence from Health Canada and completed its first commercial run in May 2019. Since that time, Radiant has processed thousands of kilograms of cannabis biomass for clients, achieving yields consistently in excess of 90% and as high as 99%.

Radiant's industrial-scale extraction facility is expected to be an important resource to the industry, providing capacity to meet anticipated growing demand while also meeting the highest standards of quality and safety. In addition to large-scale capacity, Radiant's platform has demonstrated:

- precise control of extraction time and temperature, ensuring any possible effects of heating can be minimized;
- unique continuously flowing process, allowing for improved extraction efficiency (higher recovery of cannabinoids from biomass) and extract profiles; and
- consistency of extracts and formulations being maintained at industrial scale quantities.

Control of these parameters typically allows for a high-quality product and a broader extract profile. Conventional methods existing in the cannabis industry today do not allow for precise control of parameters at larger scales of production.

With the technology now validated at scale, Radiant expanded its operations in Edmonton to meet anticipated growing demand for both extraction services and manufactured cannabis products. A second phase of development (Edmonton II) received the required licensing from Health Canada in the first quarter of calendar 2020.

Understanding that the bulk extraction market was becoming increasingly competitive, and with regulations changing to allow for a greater variety of products, Radiant applied for an amendment to its license to allow for the sale of cannabis extracts, edibles and topicals. The Company has completed in-house research on cannabis ingredient and consumer product formulations, and having a sales license enables Radiant to provide full white label manufacturing services to clients. Radiant received its license amendment in June 2020 and is utilizing space in Edmonton II for product manufacturing. The Company plans to use available space, as well as repurpose space in its Edmonton I facility to install filling and packaging capacity for new product offerings.

After spending much of fiscal 2020 successfully ramping up capacity and increasing purity of extracts through distillation, Radiant is now able to transition its focus to commercializing formulations and white label manufacturing. Radiant has the ability to combine its large-scale extraction with an internally developed library of scientifically developed formulations. The past year was spent adding distillation to increase the concentration of the Company's extracts, obtaining license amendments from Health Canada, and building out manufacturing capabilities. The Company expects that these efforts will allow it to significantly add sales and diversify its customer base and product offerings.

Combining technological precision with decades of botanical extraction and science-backed product development experience, Radiant can now create unique products and formulations with the highest standards of quality.

### ***Nicotine Reduction Activities***

Radiant continues to hold significant intellectual property relating to nicotine reduction and the Company is exploring partnerships that would allow for further development and to monetize the research and development work that has been completed. Work done to date demonstrates the ability to significantly reduce nicotine in tobacco. Further research and development will be determined by the extent of any future partnership.

Late in calendar 2017, Radiant announced the results of over four years of research and development with a leading tobacco manufacturer. Results demonstrated nicotine depletion of over 95% across multiple cured tobacco types, and the potential for nicotine depletion in a continuous-flow system at industrially relevant scales. On June 5, 2018, Radiant filed a provisional patent application for reducing nicotine levels in tobacco using its proprietary extraction technology. This patent application provides a method to selectively extract nicotine from tobacco via Radiant's continuous-flow extraction technology and provides a composition of tobacco that is depleted in nicotine but retains its appearance and organoleptic properties.

The Company believes that this patent application positions Radiant's process as a viable method of nicotine depletion in tobacco should the United States Federal Drug Administration or other regulatory bodies decide to regulate for the mandatory reduction of nicotine in cigarettes to minimally or non-addictive levels.

## **Cannabis Regulatory Considerations**

### ***Canadian Requirements pursuant to the Cannabis Act and Cannabis Regulations (SOR/2018-144)***

#### ***Standard Processing Licence***

Radiant was issued a Standard Processing Licence on February 1, 2019 by the Security Division of the Cannabis Legalization and Regulation Branch of Health Canada. This licence along with the amendments outlined below allow the Edmonton I and II facilities to:

- possess cannabis;
- produce cannabis, other than to obtain cannabis by cultivating propagation or harvesting it; and
- sell cannabis, in accordance with subsection 17(5) of the Cannabis Regulations.

Subsection 17(5) of the Cannabis Regulations allows for a standard processor to sell and distribute cannabis to a holder of the licence for processing, analytical testing, research or cannabis drug licence. The licence also allows for conducting research at the Edmonton I and II manufacturing facility so long as this research is within the scope of the current activities being conducted at Edmonton I and II.

With receipt of this licence, commercial processing of cannabis biomass to extract cannabinoids including CBD and THC began in March 2019 at Radiant's Edmonton I manufacturing facility.

On July 14, 2019, Radiant submitted an amendment to Health Canada for the addition of a new secure storage area within the existing building perimeter. This amendment was granted on October 15, 2019.

On November 13, 2019, Radiant submitted an amendment to Health Canada for the addition of Edmonton II as a cannabis processing site within the existing building perimeter. This amendment was granted on February 1, 2020.

On December 23, 2019, Radiant submitted an amendment to Health Canada for the addition of sales to its Standard Processors Licence. This amendment was granted on June 26, 2020. Subsection 17(5) of the Cannabis Regulations allows for the holder of a Standard Processing licence whose licence authorizes the sale of cannabis to conduct the following activities:

- sell and distribute cannabis products to a holder of a licence for sale, or a person that is authorized under a provincial Act, to sell cannabis; and
- send and deliver cannabis products to the purchaser of the products at the request of a person that is authorized under a provincial Act, to sell cannabis or a holder of a licence for sale.

### **Research and Analytical Licences**

The Company's Roper Road Facility holds both Research and Analytical Testing Licences and the Edmonton I manufacturing facility holds an Analytical Testing Licence. A Research Licence under the Cannabis Act authorizes the holder, for the purposes of research, to possess, produce, transport, send or deliver cannabis. An amendment was submitted by the Company for its Research Licence on June 15, 2020 to add administration to and/or testing on humans involving the consumption of cannabis. This amendment was received on November 12, 2020.

The Analytical Testing Licence under the Cannabis Act authorizes the holder to possess cannabis and alter the chemical or physical properties of cannabis for the purposes of testing. This license will allow the Company, should it so choose, to conduct analytical testing for third parties.

### **Canadian Securities Regulation Regarding U.S. Cannabis Activities**

Currently, certain U.S. states permit the use and sale of cannabis (sometimes referred to as marijuana) within state-specific regulatory frameworks notwithstanding that marijuana continues to be listed as a controlled substance under U.S. federal law. This creates a conflict between state and federal law. The U.S. Department of Justice has communicated that it will generally not enforce federal prohibitions on U.S. states that have authorized this conduct if such state has implemented a strong and effective regulatory program. As this federal guidance is subject to change or rescission risk and uncertainty exists for any issuer undertaking U.S. marijuana-related activities with consequences being potentially material and pervasive.

On October 16, 2017, the Canadian Securities Administrators, through Staff Notice 51-352 *Issuers with U.S. Marijuana-Related Activities* announced specific disclosure expectations of issuers that currently have, or are in the process of developing, marijuana-related activities in the U.S. states where such activity has been authorized by such state's regulatory framework.

Further, the Toronto Stock Exchange ("TSX") published Staff Notice 2017-0009 with respect to sections 306 and 325, *Minimum Listing Requirements and Management* and Part VII, *Halting of Trading, Suspension and Delisting of Securities* (collectively, the "Requirements") to provide clarity regarding the application of the Requirements to applicants and listed issuers in the marijuana sector. Although the TSX acknowledges the current state/federal circumstances and the guidance concerning enforcement of the provisions, it concludes that the guidance does not have force of law and can be revoked or amended at any time. As a result, the TSX has stated that issuers with ongoing marijuana-related business activities in the U.S. are not complying with the Requirements of the TSX Company Manual.

**At present, Radiant is not conducting any U.S. marijuana-related activities and the Company is in full compliance with Canadian securities regulatory requirements.**

## ***EU Requirements***

Manufacturers, importers and distributors of medicines in the EU must be licensed before they can carry out those activities. Manufacturers listed in the application of a medicine to be marketed in the EU are inspected by an EU competent authority. If the medicinal product is imported from a third country, the application should also include information on GMP inspections of the manufacturing site(s) concerned carried out by European Economic Area competent authorities and/or by competent authorities of countries where a Mutual Recognition Agreement is in operation and should be carried out within two to three years prior to the date of application. Obtaining a favorable GMP compliance inspection result from an EU competent authority against the EU GMP requirements will allow product manufactured at Radiant to be imported into Europe.

## ***German Requirements for Processing of Cannabis***

The import, processing and distribution of medical cannabis in Germany is legally permitted and is essentially governed under two German Federal acts. To operate in Germany, the Company (or its affiliates) requires a series of permits as detailed below.

### ***Manufacturing Permit***

The Company requires a general manufacturing permit for the manufacturer of medicine products under section 13 of the *Medicines Act* (Germany) (*Arzneimittelgesetz* – “AMG”). Under the AMG, “manufacturing” includes producing, preparing, formulating, treating or processing, filling, packaging, labeling and final release of a medicinal product. The application for the manufacturing permit must contain information regarding personnel, including designating a qualified person (who is responsible for the manufacture and release of medicine products), facilities information, manufacturing equipment and processes to be used as well as testing capabilities and storage.

The manufacturing permit, when granted, is non-transferrable such that it is entity specific and is for specific facilities and premises. It can be limited to specific products or categories of products. The permit is only granted after the competent authority has inspected the facility and has certified that the applicant complies with the principles of GMP as laid out by the EU Commission’s guidelines.

Under German law, a manufacturing permit should be granted within three months following the application provided that all necessary documents have been filed with the authorities and are in satisfactory condition. The application for the permit can only be made once the manufacturing facility is ready to operate. The permitting process is a consultative process with the authorities to ensure that the setup of the manufacturing operation will be accomplished in a manner acceptable to the authorities. This facilitates a timely review of the application. The Company has had ongoing consultations with the local regional AMG authorities regarding its pending application and, to date, no significant concerns have been raised.

## **Narcotics Handling Permit**

Pursuant to section 3 of the *Narcotics Act* (Germany) (Betäubungsmittelgesetz – “BtMG”) the Company requires a permit to handle narcotics from the Federal Institute for Drugs and Medical Devices (Bundesinstitut für Arzneimittel und Medizinprodukte – “BfArM”). Under the BtMG, “handling” includes cultivating, producing, trading, importing, exporting, distribution or producing preparations of narcotics. Medical cannabis with more than 0.2% THC is covered under the BtMG. The application for the permit must contain information regarding the facilities, manufacturing or operating processes to be used including product specifications, testing and quality assurance, personnel (including the qualified person who is responsible for the compliance of regulatory obligations under the permit) and security measures.

Under German law, a narcotics handling permit should be granted within three months following the application once all necessary documents have been filed with the authorities and are in satisfactory condition. The permit granted must describe the kind of narcotics, the premises, expected amounts handled and amounts to be stored. The permit may be subject to terms and conditions which are deemed necessary to ensure the safety and control of narcotics.

The application for the permit can only be made once the Company’s manufacturing facility is ready to operate. The permitting process is a consultative process with the authorities to ensure that the setup of the manufacturing operation will be accomplished in a manner acceptable to the authorities. This facilitates a timely review of the application. The Company has had ongoing consultations with the BfArM and law enforcement authorities regarding its pending application and, to date, no significant concerns have been raised.

## **Import Permits**

Should the Company decide to handle medical cannabis that has not originated from Germany, two kinds of import permits will be required.

First, the Company will need a general permit granted by BfArM to import medicines pursuant to section 72 of the AMG. The application for this permit must specify which products are to be imported as the import of medical cannabis is particularly regulated. Imports are only allowed from countries that are in compliance with the *United Nations Single Convention on Narcotic Drugs of 1961* (the “Single Convention”). The BfArM does not issue a comprehensive list of countries it considers to fulfill the criteria. Instead, it will evaluate an exporting country’s compliance with the Single Convention only when a permit for importing from that country has been applied for. So far, only permits for the import from the Netherlands, Canada and Austria have been granted. Under German law, a general import permit should be granted within three months following the application once all necessary documents have been filed with the authorities and are in satisfactory condition.

Second, each import requires its own permission under section 11 of the BtMG. This application is made on an import by import basis. This shipment specific import permit grants German authorities control over the kind, amount, timing and destination of narcotics imported into Germany. Typical timelines for receipt of an individual import permission can run up to several weeks.

### ***Wholesale Permit***

The wholesale of medicines requires a wholesale permit according to section 52a of the AMG. However, if the Company already holds a manufacturing permit or a general import permit, then the wholesale permit is included therein. Only if the Company does not manufacture or import, meaning that it is only an intra-German distributor, will a separate wholesale permit be necessary.

### ***Outlook and Developments***

In the three and six months ended September 30, 2020, Radiant recorded \$44,360 (2019 - \$1,048,770) and \$86,795 (2019 - \$1,048,770) respectively of revenue from its manufactured products as a result of extracting cannabinoids at industrial scale at now-validated recovery rates in excess of 90%, and resulting in high final product yield. In the three and six months ended September 30, 2020, the Radiant recorded \$58,342 (2019 - \$189,580) and \$58,342 (2019 - \$250,607) respectively of revenue from its manufacturing services. The Company's Edmonton I facility continued to operate 24 hours a day, 5 days per week until the middle of March when the Company announced temporary layoffs due to COVID-19, resulting in a halt in production and retaining only those staff who the Company believed were essential to maintaining the safety of day-to-day limited operations.

The Company has put construction on hold in Edmonton and Germany and the Company is reviewing the options to restart construction pursuant to the requirement for additional liquidity. The Company requires additional capital to execute on such plans. Going forward, production of distillates, resins, oils and emulsions are expected to be the Company's foundation for a product pipeline that includes topicals, vape fluids, formulations for edibles, white label formulations, and other value added products.

The Company anticipates maximizing the revenue potential of this product pipeline through distribution and sales partnerships with licensed producers and brand owners. Radiant has announced partnerships and collaborations on downstream activities including the production of distillates and isolates, formulations and formulated products with groups such as Shoppers Drug Mart, Fluum and Premium 5 in addition to the MSA with Aurora. Additionally, the Company expects to add additional white label agreements in the coming quarters. As a part of the partnership with Premium 5, the Company successfully completed its first shipment of products to the BC Liquor Distribution Branch. The products are available across British Columbia, including the first live resin based vape cartridges in Canada. To date the Company's registrations have been approved in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Nunavut and the Northwest Territories. The Company is in the process of launching a range of cannabis 2.0 products for both the medical and recreational cannabis markets. These include a vape filling line which has been commissioned and is currently producing cartridges for our clients. Future products which the Company expects to have in production shortly include dissolvable powders, including flavored drink crystals, hot chocolate and edibles. The strategy will be to focus on premium concentrates that is expected to be a core part of the recreational cannabis market in Canada.

The Company is also exploring white label opportunities for the export of medical cannabis products to authorized jurisdictions.

### ***Management Changes***

The Board of Directors (the "Board") of the Company announced on September 18, 2020 that it is conducting a strategic review of the Company's operations targeting a path to positive cash flow by evaluating costs and under utilized assets. This was to build on its recent successes in launching white label products and increasing its distribution to additional provinces. As a part of the strategic review, the Board named Jan Petzel as Interim President and Chief Executive Officer. Mr Petzel has been a Director

of the Radiant since 2016 and has a comprehensive understanding of the Company. As a part of the management changes, the Board also announced the departure of Denis Taschuk- CEO and Mike Cabigon -COO. Denis Taschuk continues to remain as a strategic advisor to the Board ensuring a smooth transition.

#### ***Licensing agreement with US based Dreamy CBD***

On November 25, 2020, the Company announced that they have entered a licensing agreement with Dreamy Co., (“Dreamy”) to bring Dreamy CBD products under Radiant’s platform to Canada and extend it to other international markets. Under the licensing agreement, Radiant will have exclusive rights to the licenses and trademarks for Dreamy CBD brands and will collaborate jointly with Dreamy to produce their CBD products and launch their brands in Canada.

#### ***Commercialization of New Cannabinoid Ingredients and Formulations***

Leveraging its strong natural health product formulation expertise, Radiant’s product development team has developed and continues to develop a broad range of proprietary cannabinoid-based product formulations for both medical and consumer markets. Attention has been given to the development of formulations that demonstrate evidence-backed physico-chemical stability, ensuring the highest quality and dosing consistency of final forms that will fully meet the industry’s current strict regulatory framework. Examples include: cannabis tinctures; water-soluble and water-dispersible formulations for beverage applications; solid and liquid forms suitable for a wide range of cannabis edible products; standardized powders for tablets, capsules, sachets and lozenges; formulated liquids for vaporizing devices; and various topical formulations including creams, ointments, lotions and gels. Radiant will be bringing these formulations over the coming months to its customers.

#### ***\$9.4 Million At the Market Offering “ATM”***

On March 27, 2020, Radiant announced that it had established an ATM program. The ATM Program will allow the Company to issue up to \$9.4 million worth of common shares from treasury to the public. The net proceeds of the Offering is intended to be used for additional equipment for the Company’s Edmonton and German facilities and general corporate purposes. To date, the Company has issued 5,625,400 shares for gross proceeds of \$888,317 under the ATM.

#### ***Financing initiatives***

On October 9, 2020, Radiant announced a proposed non-brokered private placement of up to 40 million common shares at a price of \$0.10 per share for potential aggregate gross proceed of up to \$4 million. As of November 30, 2020, \$905,000 has been received under this initiative.

Efforts are underway by the Company to look at a range of options including additional equity issuances and restructuring of its liabilities to provide liquidity to bridge the negative working capital position. As of the date of this MDA, \$19.1 million of liabilities with trade creditors are overdue by 120 days or greater. Radiant is actively working with its creditors to offset this situation and recognizes the associated liquidity risk to the Company if the financing initiatives do not materialize.

## Expansion Projects

### *Edmonton I – Additional Equipment*

The Company is primarily producing cannabinoid resins and distillates from this facility, having added additional equipment and made process changes to include these bulk product offerings. Production capacity for “bottle-ready” cannabinoid oils remains unchanged as a result of resin and distillate production.

### *Edmonton II – Plant Retrofit*

In the MD&A for the year ended March 31, 2020, the Company announced that it plans to retrofit its main facility to accommodate CBD extraction from hemp, in the interest of preserving capital and in response to a lack of supply of hemp containing adequate high-potency Cannabidiol “CBD”, had deferred the retrofit project indefinitely.

In its place, the Company is continuing to process CBD from both hemp and cannabis using the existing Edmonton I manufacturing line. Furthermore, the Company expects to make optimal use of the Edmonton II square footage by extending its offerings further “downstream” in the value chain, by adding capability to produce and package white label products, vaping liquids, and non-baked edible cannabinoid products.

### *Edmonton II – Phase I:*

<b>Disclosed</b>	<b>Budget</b>	<b>Revised budget</b>	<b>Reason</b>
July 2018 Short Form Prospectus	\$ 3.0 M	\$ -	Original budget
June 2019 MD&A	\$ 3.0 M	\$ 5.0 M	Additional required equipment and refinement of existing equipment and facility space
March 2020 MD&A	\$ 5.0 M	\$ 5.0 M	No revision
September 2020 MD&A	\$ 5.0 M	\$ 5.0 M	No revision

As at September 30, 2020, the total amount spent on this project was approximately \$3.6 million which includes \$0.5 million of equipment, and \$3.1 million of assets under construction (for equipment and construction related costs).

### *Edmonton III – New Plant*

As of the date of this MD&A, continued construction of the new building for Edmonton III has been deferred. The Company is reviewing options on how the facility will be utilized upon completion the facility. In the interim, the Company will continue to process material and develop products from its existing Edmonton facility footprint.

<b>Disclosed</b>	<b>Budget</b>	<b>Revised budget</b>	<b>Reason</b>
July 2018 Short Form Prospectus	\$ 14.5 M	\$ -	Original budget
September 2018 MD&A	\$ 14.5 M	\$ 18.5 M	Addition of specialized equipment
December 2018 MD&A	\$ 18.5 M	\$ 24.5 M	Additional site preparation and environmental readiness costs, alterations to the building design and further specialized equipment.
March 2020 MD&A	\$ 24.5 M	\$ 24.5 M	No revision
September 2020 MD&A	\$ 24.5 M	\$ 24.5 M	No revision

As at September 30, 2020, the total amount spent on this project is approximately \$21.1 million which includes \$0.5 million of equipment, and \$20.6 million of assets under construction (including both renovation and equipment related costs).

### *Germany*

In its MD&A for the year ended March 31, 2020, the Company disclosed the deferral of commissioning its Germany project.

As at September 30, 2020, the total amount spent on this project relating to assets under construction is approximately \$2.8 million. This relates to scoping, permitting, engineering and consulting services for plant and equipment design, as well as environmental assessments.

## Results of Operations

### Summary of Results by Quarter

Quarter ended	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Revenues	\$ 102,702	\$ 42,435	\$ 5,899,177	\$ 11,205,961
Loss before other income and expenses	(3,458,265)	(4,448,592)	(7,885,219)	(4,293,014)
Loss per share, before other income and expenses (basic and diluted)	(0.01)	(0.02)	(0.03)	(0.02)
Net loss	\$ (3,409,246)	\$ (5,431,086)	\$ (18,746,397)	\$ (5,438,335)
Net loss per share (basic and diluted)	(0.01)	(0.02)	(0.07)	(0.02)
Weighted average number of common shares outstanding	321,442,199	293,501,397	272,177,024	272,983,882
Total assets	\$ 57,397,852	\$ 59,348,264	\$ 57,931,694	\$ 76,044,284
Long term liabilities	10,737,761	11,063,247	11,044,022	9,950,226

Quarter ended	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Revenues	\$ 1 238 350	\$ 61,027	\$ -	\$ -
Loss before other income and expenses	(6 372 219)	(5,706,773)	(6,590,995)	(5,012,070)
Loss per share, before other income and expenses (basic and diluted)	(0.03)	(0.02)	(0.02)	(0.02)
Net loss	(6,882 035)	(6,350,972)	(7,410,399)	(13,082,768)
Net loss per share (basic and diluted)	\$ (0.03)	\$ (0.02)	\$ (0.03)	\$ (0.05)
Weighted average number of common shares outstanding	271,064,804	270,249,163	266,815,579	264,386,453
Total assets	\$ 75,999,601	\$ 80,998,496	\$ 61,026,273	\$ 64,766,988
Long term liabilities	10,128, 544	6,987,198	6,493,082	6,527,370

The Company ceased plant operations effective March 18, 2020 in response to COVID-19, laying off non-essential staff in order to preserve liquidity. Revenues for the quarter ended June 30, 2020 and September 30, 2020 reflect the cessation of extraction activities.

In the two quarters (ended December 31, 2018 & March 31, 2019), \$nil revenue was recognized as the Company discontinued health and wellness contracts and commenced analytic testing of cannabis in preparation for receipt of its Standard Processing Licence from Health Canada. The quarter ended June 30, 2019 represents the first quarter that the Company recognized cannabis related revenue subsequent to receipt of its Standard Processing Licence with an increase in the quarter ended September 30, 2019 to \$1,238,350. The quarter ended December 31, 2019, operations were scaling up and \$11,205,961 of revenue was recognized. In the quarter ending March 31, 2020, revenue of \$5,899,177 was recognized which was affected by the shift in operational focus to resin and distillate production as well as the shut down in operations due to the COVID-19 global pandemic. The global pandemic continues to affect revenue through the quarters ended June 30, 2020 and September 30, 2020.

Loss before other income and expenses had consistently increased during the period from March 31, 2018 to March 31, 2019 as the Company discontinued its health and wellness business in preparation for the commencement of production activity related to cannabis extracts and intermediate products. Significant efforts, translating into sizable operating and capital expenditures, had been incurred by Radiant to ensure an appropriate level of readiness in anticipation of receipt of the Company's Standard Processing Licence.

The quarter ending June 30, 2019 represented a \$884,222 reduction in the quarterly loss before other income and expenses as compared to the quarter ended March 31, 2019. The quarter ended March 31, 2019 included some one-time costs that were not expected to be experienced in subsequent quarters, related primarily to intellectual property projects which were not directly associated with patent filings, and therefore expensed. Business development and corporate development expenses were lower quarter over quarter for the quarter ending September 30, 2019 by approximately \$0.3 million as the Company re-assessed its strategic focus and resulting activity was reduced. The quarter ended September 30, 2019 represented a \$531,063 increase in quarterly loss as compared to the quarter ended June 30, 2019. During the quarter ended December 31, 2019 the Company amended its mortgage with Moskowitz by increasing the amount borrowed from \$5,500,000 to \$8,500,000, the amendment resulted in a loss on extinguishment of debt of \$440,513 which was recorded as part of finance fees. The loss on extinguishment of debt was reclassified to net income for the quarter ended March 31, 2020. The quarter ended June 30, 2020 reflects a loss before other income and expenses impacted by one-time charges related to the deferral of projects predominately in Germany as well as reductions related to staff lay-offs and the halt of production activities. The quarter ended September 30, 2020 reflects the continuation of the halt in production activities and the review of expenditures to determine where cost savings can be realized. Increasing the reduction in the loss for the quarter ended September 30, 2020 is the recognition of wage subsidies of \$435,315 and rent relief of \$289,035.

Net loss is most notably affected in the quarter ended December 31, 2018 by share-based payments of \$8,265,303 relating to stock options granted in October and November 2018 as well as from prior year grants were recognized. This amount is substantially higher than that recognized through the other seven quarters of comparatives presented. During the quarter ended, March 31, 2020 the Company recognized impairment losses of \$5,800,000 on inventory and \$4,500,000 on plant and equipment. The quarter ended June 30, 2020 reflects a net loss that has been notably affected by charges on loan modification and losses recorded on the settlement of debt through a share unit issuance.

June 30, 2019 recorded an increase in assets as compared to March 31, 2019 of \$19,972,223. \$14,432,313 of this increase related to current assets, which was predominantly related to the Company's purchase of dried cannabis inventory and \$5,539,910 increase to non-current assets which was largely attributable to the Company's capital expansion projects and progress on the construction of its Edmonton III manufacturing facility. Total assets decreased from December 31, 2019 to March 31, 2020 as the Company recognized impairment losses during the quarter ended March 31, 2020 of \$5,800,000 on inventory and \$4,500,000 on plant and equipment. The quarter ended June 30, 2020 recorded an increase in assets of \$1,416,570. The increase is related to the cash generated through the brokered placement completed in the quarter offset by cash utilized to relieve liabilities during the quarter. Total assets decreased for the quarter ended September 30, 2020 by \$533,842 resulting predominately from the use of cash.

Long-term liabilities increased as at September 30, 2019 due to an amendment to the Moskowitz mortgage and again as at March 31, 2020 due to the closing of debenture financing.

**Consolidated Statement of Operations and Comprehensive Loss**

(Unaudited)	Quarter ended September 30		Six months ended September 30	
	2020	2019	2020	2019
<b>Revenues</b>				
Manufactured products	\$ 44,360	\$ 1,048,770	\$ 86,795	\$ 1,048,770
Manufacturing services	58,342	189,580	58,342	250,607
	<b>102,702</b>	<b>1,238,350</b>	<b>145,137</b>	<b>1,299,377</b>
<b>Cost of sales</b>				
Manufactured products	\$ 76,539	\$ 978,315	\$ 141,738	\$ 978,315
Manufacturing services	56,988	121,129	56,988	185,739
	<b>133,527</b>	<b>1,099,444</b>	<b>198,726</b>	<b>1,164,054</b>
	<b>(30,825)</b>	<b>138,906</b>	<b>(53,589)</b>	<b>135,323</b>
<b>Expenses</b>				
General and administrative	1,284,006	2,490,947	3,496,941	4,648,432
Depreciation and amortization	604,607	528,581	1,209,903	1,029,157
Financing fees	534,963	150,291	1,147,541	273,962
Research and process development	402,874	722,548	684,494	1,426,210
Engineering	276,240	536,816	620,766	1,070,513
Production plant	197,945	916,082	462,773	1,807,341
Quality control and assurance	107,426	344,307	147,981	721,924
Business and corporate development	19,379	381,040	82,870	796,263
	<b>3,427,440</b>	<b>6,070,612</b>	<b>7,853,268</b>	<b>11,773,802</b>
Loss before other income (expenses)	<b>(3,458,265)</b>	<b>(5,931,706)</b>	<b>(7,906,857)</b>	<b>(11,638,479)</b>
<b>Other income (expenses)</b>				
Share-based payments	73,374	(623,094)	(143,263)	(1,460,241)
Loss on settlement of debt	-	-	(404,549)	-
Loss on loan modification	-	-	(477,810)	-
Loss on loan extinguishment	-	(440,513)	-	(440,513)
Interest and other income	6,980	66,807	7,131	223,388
Foreign exchange gain (loss)	(40,310)	41,245	49,089	72,425
Rental income	8,975	5,226	35,927	10,413
	<b>49,019</b>	<b>(950,329)</b>	<b>(933,475)</b>	<b>(1,154,015)</b>
Net loss and comprehensive loss	<b>\$ (3,409,246)</b>	<b>\$ (6,882,035)</b>	<b>\$ (8,840,332)</b>	<b>\$ (13,233,007)</b>

### **Manufactured products**

A further break-down of Radiant's revenues and cost of sales from manufactured products follows:

	Quarter ended September 30		Six months ended September 30	
	2020	2019	2020	2019
Revenues	\$ 44,360	\$ 1,048,770	\$ 86,795	\$ 1,048,770
Cost of sales				
Inventories	28,266	775,469	51,723	775,469
Salaries and benefits	7,560	74,349	17,327	74,349
Overhead allocations	-	52,587	5,981	52,587
Supplies and materials	27,629	46,339	42,403	46,339
Third party testing	1,944	22,000	4,786	22,000
Waste removal	7,748	3,888	8,033	3,888
Transportation	3,392	3,683	11,485	3,683
Total cost of sales	76,539	978,315	141,738	978,315
	\$ (32,179)	\$ 70,455	\$ (54,943)	\$ 70,455

Revenue for the quarter and six months ended September 30, 2020 was affected by COVID-19 as the Company temporarily laid off all non-essential staff and ceased extraction operations at the plant. Revenue reported for the quarter and six months ended September 30, 2020 results from the sale of previously processed products held in inventory at March 31, 2020. The pandemic has resulted in delays in reaching production capacity. The Company is analysing all costs to improve efficiencies.

### **Manufacturing services**

A further break-down of Radiant's revenues and cost of sales from manufacturing services follows:

	Quarter ended September 30		Six months ended September 30	
	2020	2019	2020	2019
Revenues	\$ 58,342	\$ 189,580	\$ 58,342	\$ 250,607
Cost of sales				
Salaries and benefits	18,157	47,639	18,157	75,787
Supplies and materials	1,171	30,740	1,171	51,140
Third party testing	975	15,015	975	28,185
Consulting	33,497	20,495	33,497	20,495
Transportation	3,188	2,438	3,188	5,330
Waste removal	-	4,802	-	4,802
Total cost of sales	56,988	121,129	56,988	185,739
	\$ 1,354	\$ 68,451	\$ 1,354	\$ 64,868

Manufacturing services represents the tolling fees earned on processing of client biomass. Due to COVID-19 and liquidity issues, the Company temporarily laid off non-essential staff and ceased extraction operations at the plant. Revenue for the quarter and six months ended September 30, 2020 relates to a packaging contract.

### **General and Administrative**

A further break-down of Radiant's general and administrative expenses are as follows:

	Quarter ended September 30		Six months ended September 30	
	2020	2019	2020	2019
Consulting fees	\$ 119,739	\$ 704,319	\$ 1,501,675	\$ 1,382,400
Salaries and benefits	482,678	503,532	634,911	1,000,819
Travel	62,188	284,865	75,090	617,323
Professional fees	154,221	329,286	303,348	582,471
Public company compliance	122,330	306,350	228,400	372,475
Insurance	146,047	89,894	305,283	174,564
Computer software	60,744	74,389	142,424	139,071
Rent and utilities	46,545	69,223	151,621	122,090
Investor relations	34,500	87,129	69,000	121,629
Office and other	32,023	26,557	46,953	82,686
Directors' fees	15,125	10,508	30,250	40,882
Maintenance	7,866	4,895	7,986	12,022
<b>Total general and administrative</b>	<b>\$ 1,284,006</b>	<b>\$ 2,490,947</b>	<b>\$ 3,496,941</b>	<b>\$ 4,648,432</b>

General and administrative expenses decreased by \$1,206,941 for the quarter and \$1,151,491 for the six months ended September 30, 2020, respectively with variances in several cost categories.

The Company implemented significant cost cutting and control measures during the quarter and six months ended September 30, 2020 as well as temporary lay-offs company wide due to COVID-19 resulting in reductions in many cost categories. The notable exceptions where the Company experienced either cost increases or lower than anticipated decreases are detailed below.

Consulting fees decreased by \$585,580 for the quarter but increased by \$119,275 for the six months ended September 30, 2020. The decrease for the quarter is a result of cost cutting measures and lay-offs while the increase for the six months is a result of a non-recurring charge incurred to defer the Germany operations of \$1.0 million offset by the decrease in the use of consultants over the same period.

Salaries and benefits decreased by \$20,854 for the quarter and \$365,908 for the six months ended September 30, 2020. Salaries and benefits were affected for the quarter by a severance accrual related to the departure of executive management as well as the receipt of wage subsidies of \$91,548 for the quarter and \$159,484 for the six months ended September 30, 2020.

Insurance expense increased by \$56,153 for the quarter and \$130,719 for the six months ended September 30, 2020 as a result of higher insurance premiums associated with new or expanded coverage as a result of the start of revenue generating activities. In addition to the new and enhanced coverages, rate increases were experienced by the Company related to its participation in the emerging cannabis industry.

### **Production Plant**

A further break-down of Radiant's production plant expenses are as follows:

	Quarter ended September 30		Six months ended September 30	
	2020	2019	2020	2019
Salaries and benefits	\$ 128,808	\$ 379,459	\$ 194,144	\$ 824,274
Rent and utilities	(131,321)	182,355	(66,947)	340,475
Maintenance	53,155	179,144	81,112	264,315
Security	83	77,183	13,583	157,496
Supplies	6,182	28,614	16,088	99,290
Equipment and rentals	15,912	25,019	24,733	46,550
Office and other	13,923	20,976	24,373	46,539
Computer software	84,291	19,868	148,707	24,470
Production materials	26,912	3,464	26,980	3,932
<b>Total production plant</b>	<b>\$ 197,945</b>	<b>\$ 916,082</b>	<b>\$ 462,773</b>	<b>\$ 1,807,341</b>

Production plant expenses decreased by \$718,137 for the quarter and \$1,341,568 for the six months ended September 30, 2020, compared to the same periods in the prior year with variances in several cost categories. Due to the temporary lay-offs of all non-essential staff and resulting cessation of extraction operations at the plant resulted in expected decreases across all expense categories. Rent and utilities recovery reported for the quarter and six months ended September 30, 2020 is a result of rent concessions received in Germany with respect to leases.

### **Research and Process Development**

A further break-down of Radiant's research and process development expenses are as follows:

	Quarter ended September 30		Six months ended September 30	
	2020	2019	2020	2019
Salaries and benefits	\$ 166,663	\$ 392,175	\$ 307,593	\$ 763,953
Supplies	9,260	72,772	13,275	159,822
Rent and utilities	6,731	58,660	45,389	150,587
Consulting fees	201,280	94,132	273,792	184,533
Maintenance	12,195	33,206	27,679	59,883
Travel	4,077	42,399	8,962	53,742
Product development	-	14,820	-	14,820
Office and other	2,668	14,384	7,804	38,870
<b>Total research and process development</b>	<b>\$ 402,874</b>	<b>\$ 722,548</b>	<b>\$ 684,494</b>	<b>\$ 1,426,210</b>

Research and process development expenses decreased by \$319,674 for the quarter and \$741,716 for the six months ended September 30, 2020, compared to the same periods in the prior year with variances in several cost categories. Due to the temporary lay-offs of all non-essential staff as well as cessation of extraction operations as a result, the decrease across cost categories is expected.

### ***Depreciation and Amortization***

Depreciation and amortization increased for the quarter and six months ended September 30, 2020 by \$76,026 and \$180,745 respectively. This increase is a result of purchases made during the 2020 fiscal year.

### ***Engineering***

A further break-down of Radiant's engineering expenses are as follows:

	Quarter ended September 30		Six months ended September 30	
	2020	2019	2020	2019
Salaries and benefits	\$ 185,696	\$ 372,343	\$ 383,556	\$ 692,884
Rent and utilities	73,358	90,779	171,580	179,892
Travel	8,850	65,948	20,422	149,774
Consulting fees	-	-	28,698	31,500
Office and other	8,336	7,746	16,510	16,463
<b>Total Engineering</b>	<b>\$ 276,240</b>	<b>\$ 536,816</b>	<b>\$ 620,766</b>	<b>\$ 1,070,513</b>

Engineering expenses decreased by \$260,576 for the quarter and \$449,747 for the six months ended September 30, 2020, compared to the same period in the prior year with variances in several cost categories. Due to the temporary lay-offs of all non-essential staff as well as cessation of extraction operations as a result, the decrease across cost categories is expected.

### ***Quality Control and Assurance***

A further break-down of Radiant's quality control and assurance expenses are as follows:

	Quarter ended September 30		Six months ended September 30	
	2020	2019	2020	2019
Salaries and benefits	\$ 81,057	\$ 183,406	\$ 120,169	\$ 440,280
Consulting fees	-	82,725	-	123,363
Third party testing	9,452	18,158	(878)	55,735
Rent and utilities	(4,579)	16,665	1,116	34,266
Supplies	15,270	20,279	16,623	31,182
Maintenance	2,590	10,294	7,176	16,658
Office and other	3,636	12,780	3,775	20,440
<b>Total quality control and assurance</b>	<b>\$ 107,426</b>	<b>\$ 344,307</b>	<b>\$ 147,981</b>	<b>\$ 721,924</b>

Quality control and assurance expenses decreased for the quarter and six months ended September 30, 2020 by \$236,881 and \$573,943 respectively, compared to the same periods in the prior year with variances in several cost categories. Due to the temporary lay-offs of all non-essential staff as well as cessation of extraction operations as a result, the decrease across cost categories is expected.

### **Financing Fees**

A further break-down of Radiant's financing fees are as follows

	Quarter ended September 30		Six months ended September 30	
	2020	2019	2020	2019
Interest on long-term debt	\$ 168,376	\$ 129,384	\$ 335,062	\$ 214,953
Interest on lease obligations	17,508	10,896	40,999	18,910
Interest on short term borrowings	318,741	-	635,154	-
Amortization of financing costs on long-term debt	31,277	10,029	63,536	40,117
Amortization of financing costs on short term borrowings	-	-	73,729	-
Other	(939)	(18)	(939)	(18)
<b>Total financing fees</b>	<b>\$ 534,963</b>	<b>\$ 150,291</b>	<b>\$ 1,147,541</b>	<b>\$ 273,962</b>

Total financing fees increased for the quarter and six months ended September 30, 2020 by \$384,672 and \$873,579 respectively, compared to the same period in the prior year. During the quarter ended June 30, 2020, the Company amended the mortgage with Moskowitz increasing the interest rate to the greater of 12.5% or Bank of Nova Scotia prime rate plus 10.05% per annum revised from the greater of 8.5% or Bank of Nova Scotia prime rate plus 5.05% per annum. Interest on short term borrowings results from the Company's increased short term borrowings with a loan from a related party which recorded financing fees of \$318,741 (2019 - \$nil) for the three months ended September 30, 2020 and \$635,154 for the six months ended September 30, 2020. Also presented under financing fees is the amortization of financing costs on short term borrowings amounting to \$73,729 (2019 - \$nil) for the six months ended September 30, 2020.

### **Business and Corporate Development**

A further break-down of Radiant's business and corporate development expenses are as follows:

	Quarter ended September 30		Six months ended September 30	
	2020	2019	2020	2019
Consulting fees	\$ -	\$ 243,601	\$ 14,625	\$ 487,731
Salaries and benefits	19,379	55,567	34,433	105,655
Travel	-	44,016	-	161,183
Computer software	-	25,749	33,812	25,846
Office and other	-	12,107	-	15,848
<b>Total business and corporate development</b>	<b>\$ 19,379</b>	<b>\$ 381,040</b>	<b>\$ 82,870</b>	<b>\$ 796,263</b>

Total business and corporate development expenses decreased by \$361,661 for the quarter and \$713,393 for the six months ended September 30, 2020 compared to the same periods in the prior year. The overall decrease is mainly due to the shift in the Company's corporate focus towards Canadian cannabis activities requiring less consulting services and travel.

### **Share-Based Payments**

Share-based payments include vested amounts which relate to stock option grants previously approved as well as amounts related to new grants approved during the period as those grants begin to vest. The following chart details the expense as it arises from each grant summarized by grant date.

<b>Grant date</b>	<b>Quarter ended September 30</b>		<b>Six months ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
May 28, 2020	\$ 54,503	\$ -	\$ 180,011	\$ -
October 23, 2019	20,537	-	48,518	-
June 5, 2019	1,499	51,880	10,580	241,152
February 27, 2019	9,292	54,640	23,041	138,780
November 28, 2018	10,913	62,683	14,251	149,590
October 1, 2018	(165,089)	352,618	(48,932)	701,404
June 4, 2018	(5,029)	83,196	(84,206)	178,327
December 6, 2017	-	15,970	-	42,735
August, 2017	-	2,107	-	7,723
April 3, 2017	-	-	-	530
<b>Total share-based payments</b>	<b>\$ (73,374)</b>	<b>\$ 623,094</b>	<b>\$ 143,263</b>	<b>\$ 1,460,241</b>

### **Foreign Exchange Gain**

Foreign exchange (gain) loss increased (decreased) for the quarter and six months ended September 30, 2020 by (\$81,555) and \$23,336 respectively as a result of fluctuating foreign exchange rates.

### **Loss on loan modification**

For the six months ended September 30, 2020, the Company amended the mortgage with Moskowitz increasing the interest rate to the greater of 12.5% or Bank of Nova Scotia prime rate plus 10.05% per annum revised from the greater of 8.5% or Bank of Nova Scotia prime rate plus 5.05% per annum. As the terms of the amendment to the mortgage were not substantially different from the terms of the previously existing mortgage, the amendment was determined to be a modification of debt. As a result, a loss on modification of long-term debt totalling \$477,810 was recognized during the six months ended September 30, 2020. Deferred financing charges of \$85,000 related to the loan amendment fees were recorded and will be amortized over the remaining term of the mortgage.

### **Loss on settlement of debt**

Loss on settlement of debt of \$404,549 for the six months ended September 30, 2020 was as a result of the Company's settlement of outstanding amounts payable to vendors with share units, which consisted of one share and one-half common share purchase warrant. Each warrant is convertible to one share at a share exercise price of \$0.30 and expires 24 months following the grant of such warrant.

## Liquidity and Capital Resources

	September 30, 2020		September 30, 2019	
Non-current assets	\$	45,820,394	\$	40,394,130
Current assets		11,577,458		35,835,039
Current liabilities		(28,508,770)		(3,690,792)
Total assets less current liabilities	\$	28,889,082	\$	57,335,481
Non-current liabilities		10,737,761		6,493,082
Shareholders' equity		18,151,321		50,842,399
	\$	28,889,082	\$	57,335,481

During the quarter and six months ended September 30, 2020, the Company primarily financed its operations, and growth initiatives through equity 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 safeguard its ability to continue as a going concern and 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 forecasts to identify cash flow needs for general corporate and working capital purposes. Radiant's ability to fund its operating requirements depends on future operating performance and cash flows, which are subject to economic, financial, competitive, business and regulatory conditions, and other factors, some which are beyond Radiant's control, such as the potential impact of COVID-19. The Company's primary short-term liquidity needs are to fund its net operating losses, capital expenditures to maintain existing facilities, debt repayments, and lease payments. Radiant's medium-term liquidity needs primarily relate to debt repayments and lease payments. The Company's long-term liquidity needs primarily relate to potential strategic plans.

Radiant's business is subject to risks and uncertainties that could significantly impair Radiant's ability to raise funds or to generate profits sufficient to meet future obligations, operational, or development needs. See "Risk Factors" in this MD&A for information on the risks and uncertainties that could have a negative effect on Radiant's liquidity.

In an effort to manage liquidity prudently while the Company moves toward profitability and positive cash flow, Radiant has taken the following steps to re-position Radiant for long term success:

- Deferred construction of its German manufacturing facility;
- Deferred completion of construction of its Edmonton III facility;
- Streamlined operations to reflect the deferral of its major construction projects and to support the Company's increased focus on white label products;
- Focused its business development efforts on adding customers requiring contract manufacturing/white label products; and
- The Company continues to review operating expenses to determine where economies can be realized with significant reduction having taken place as at the date of this MD&A.

These initiatives are expected to provide the Company with increased liquidity and flexibility to meet its financial commitments, including its near-term obligations of \$33 million (refer to the “Contractual Obligations” table below). As of September 30, 2020, the Company has access to the following capital resources available to fund operations and obligations:

- Radiant has filed a shelf prospectus providing the Company the ability to raise financing through various forms of equity or debt offerings. The total the Company may raise pursuant to the shelf prospectus is \$75 million. Under the shelf prospectus the Company has completed two offerings. The Company has available room under the shelf prospectus of approximately \$6.8 million as at the date of this MD&A.
  - The first is its ATM Program that would allow the Company to raise up to \$9.4 million. The Company has raised \$0.9 million to the date of this MD&A.
  - The second offering was a \$5.75 million offering that was successfully completed May 26, 2020. The Company has available room under the shelf prospectus of approximately \$68 million as at the date of this MD&A.
- Asset backed financing options:
  - Sales/Leaseback: Radiant announced on January 14, 2020 that it had signed a letter of intent for a sale-leaseback transaction in which 2238502 Alberta Ltd. (the “Purchaser”) would purchase from Radiant the land and buildings comprising the Company’s Edmonton I, II, and III facilities for a total of \$20 million (the “Transaction”). This Transaction was a part of an asset-backed financing which also incorporates an additional equipment financing (the “Equipment Financing”) that was initially announced on November 29, 2019 between Radiant and the Purchaser. Due to the softening of capital markets and due to the Covid 19 outbreak, this transaction was put on hold.
  - Asset backed financing: Radiant is working closely with the Purchaser and also a wide range of lenders to mitigate this and secure adequate funds to close the asset backed financing that was announced. Radiant is also working closely with alternative asset backed lenders to finance its liquidity needs backed by its real estate and other assets. There can be no assurance that Radiant will complete any asset-backed financing.
- Radiant has also been working on a total financing package of up to \$15.4 million through the issuance of up to \$10.4 million of unsecured convertible notes (the “Notes”) and up to \$5 million of unsecured debentures (the “Debentures”). A total of \$1.2 million of unsecured debentures were issued prior to March 31, 2020. Radiant is continuing to actively market this offering to close the balance of the amounts. There can be no assurance that Radiant will complete any additional offering of Notes or Debentures.
- Radiant announced a private placement of up to \$4 million on October 09, 2020 at \$0.10 a share on a non-brokered basis. As of November 30, 2020, \$905,000 has been received and efforts are underway to close the private placement.

The Company intends to use the net proceeds from any offerings under the ATM program and/or shelf prospectus to support our short-term liquidity needs, debt repayments, general corporate purposes, working capital requirements and potential acquisitions. Volatility in the cannabis industry, stock market and the Company's share price may impact the amount and our ability to raise financing under the ATM Program and Shelf Prospectus.

The Company is working on securing additional financing to support its activities. Notably, the Company is pursuing long term, asset backed, lending alternatives. Specifically, the Company is looking to complete its sale/leaseback transaction or restructure its mortgages on its land and buildings and to generate additional capital from an equipment backed debt facility.

Significant uncertainty exists in the Canadian cannabis industry. This uncertainty revolves around the introduction of cannabis 2.0 products, industry inventory levels and difficult public markets restricting the ability of industry participants to raise equity. Additionally, COVID-19 introduced further uncertainties in both public equity markets and traditional lending markets. Both have impacted the Company's operations and the Company's ability to raise additional financing.

The Company has deferred the completion of Edmonton III. The Company, as at September 30, 2020, has an unpaid amount of \$8.3 million to its general contractor for the construction of its Edmonton III facility. In support of the Company and its efforts to secure additional financing the general contractor has been granted security on the Company's Edmonton I/II facility and its Edmonton III facility.

In addition to the financing initiatives, efforts are underway to look at a range of options including additional equity issuances and restructuring of liabilities to provide liquidity to bridge the negative working capital position. As of the date of this MDA, \$19.8 million of balances owed to trade creditors are overdue by 120 days or greater. Radiant is actively working with its creditors to offset this situation and recognizes the associated liquidity risk to the Company if the financing initiatives do not materialize.

### **Going Concern Uncertainty**

The Company's financial statements were prepared on a going concern basis and Radiant currently has insufficient cash to fund its operations for the next 12 months. Whether and when the Company can attain profitability and positive cash flows is uncertain. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern. See "Core Business and Strategy – Overview".

## Cash Flow Highlights

The table below summarizes the Company's cash flows for the six months ended September 30, 2020 and September 30, 2019:

	September 30, 2020		September 30, 2019	
Cash used in operating activities	\$	(3,910,092)	\$	(19,240,584)
Cash provided by financing activities		4,425,099		3,121,889
Cash used in investing activities		(461,798)		(9,502,653)
Net increase (decrease) in cash during the period		53,209		(25,621,348)
Cash, end of period	\$	198,326	\$	6,131,504

Cash used in operating activities for the six months ended September 30, 2020 was \$3.9 million, representing a decrease of \$15.3 million as compared to the six months ended September 30, 2019. This was primarily attributable to the purchase of inventory in the comparative period of \$11.1 million and the reductions of losses by \$4.4 million which relates mainly to the lay-off of non-essential staff as a result of COVID-19 and cash constraints coupled with the cessation of extraction operations at the plant as a result of the lay-offs.

Cash used in investing activities for the six months ended September 30, 2020 was \$0.5 million, representing a decrease of \$9.1 million as compared to the six months ended September 30, 2019. This is primarily attributable to the decrease in capital acquisitions.

Cash provided by financing activities for the quarter ended September 30, 2020 was \$4.4 million, which relates to the brokered placement of \$5.75 million, At-the-market shares issued of \$0.9 million offset by share issuance costs of \$0.8 million, interest and financing costs of \$1.0 million and payment of leases.

## Capital Expenditures

The Company's capital expenditures for the quarter and six months ended September 30, 2020 was \$668,729 and relate mainly to the capitalization of interest related to the mortgage on the plant and the purchase of packaging equipment as well as cash paid purchases included in liabilities at March 31, 2020. As disclosed in the Company's year ended March 31, 2020 MD&A, the Company has decided to defer construction activities related to its Edmonton II retrofit, Edmonton III manufacturing facility and its German manufacturing facility, in an effort to preserve capital resources. Completion of these projects will be subject to the Company securing adequate project financing.

## Contractual Obligations and Commitments

As at September 30, 2020, the Company had the following contractual obligations:

	<1 year	1 to 3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	\$ 15,463,264	\$ -	\$ -	\$ -	\$ 15,463,264
Facility construction liabilities	8,382,662	-	-	-	8,382,662
Short term borrowings	2,820,517	-	-	-	2,820,517
Long-term debt	4,981,083	8,588,542	-	-	13,569,625
Lease liabilities	575,279	844,005	595,386	-	2,014,670
<b>Balance September 30, 2020</b>	<b>\$ 32,222,805</b>	<b>\$ 9,432,547</b>	<b>\$ 595,386</b>	<b>\$ -</b>	<b>\$ 42,250,738</b>

The Company has entered into various non-cancellable commitments with contract terms ranging between one and five years as follows:

	<b>September 30, 2020</b>	March 31, 2020
Capital expansion projects	\$ 1,340,542	\$ 1,766,241
Leases not yet commenced	130,500	130,500
Variable lease payments for lease liabilities	1,604,875	1,827,003
Network services contracts	165,080	202,198
Purchase and retrofitting of equipment	105,536	144,616
Maintenance contracts	12,567	18,088
	<b>\$ 3,359,100</b>	<b>\$ 4,088,646</b>

### **Working Capital**

Working capital is current assets less current liabilities. As at September 30, 2020, Radiant had a working capital deficit of \$16,931,312, as compared to a working capital deficit of \$16,401,248 as at March 31, 2020. The \$530,064 increase in working capital deficit is primarily related to the Company's brokered placement during the six months ended September 30, 2020 offset by cash utilized to sustain the Company and increases in short term borrowings during the six months ended September 30, 2020.

Working capital is a non-IFRS measure. See "Non-IFRS Measures".

### **Non-Current Assets**

Non-current assets decreased as at September 30, 2020, as compared to March 31, 2020, which is attributable to long-term prepaids and deposits, lease assets, plant and equipment, intangible assets and current assets as discussed below.

#### ***Long-Term Prepaids and Deposits***

Long-term prepaids and deposits as at September 30, 2020 as compared to March 31, 2020 decreased by \$98,091 as a result of additional costs of \$99,270 offset by the recognition of costs associated with patents that will not move forward of \$197,361 for various patent update initiatives. Upon notification of a successful patent application, the associated costs are added to the Company's intangible non-current assets.

#### ***Lease Assets***

Lease assets decreased by \$371,714 for the six months ended September 30, 2020. The decrease relates to depreciation and the termination of a lease agreement in Germany.

***Plant and Equipment***

Plant and equipment decreased by \$92,979 from March 31, 2020. The decrease is due to additions related to the purchase of a filling equipment and capitalization of interest, offset by depreciation of \$827,086 recorded in the six months ended September 30, 2020.

***Intangible Assets***

Intangible assets decreased by depreciation of \$73,944 for the six months ended September 30, 2020.

**Current Assets**

Current assets increased by \$102,886 as at September 30, 2020 as compared to March 31, 2020.

**Current Liabilities**

Current liabilities increased by \$632,950 compared to the balance as at March 31, 2020. This decrease is predominantly driven by:

- increase in the Company's trade accounts payable of \$121,818;
- decrease in facility construction liabilities of \$186,678; and
- increase in current portion of short term borrowings and long-term debt of \$712,819; and

**Shareholders' Equity**

Shareholders' equity decreased by \$860,531 as compared to the balance as at March 31, 2020. This is primarily due the brokered private placement and at-the-market share placements of \$6,630,605, settlement of debt through issuance of units as well as shares of \$1,714,735, share issued for services provided of \$322,863 offset by the net loss recognized for the six months ended September 30, 2020 of \$8,840,332 and share issue costs of \$831,665.

## Related Party Transactions

The Company's related parties are its Board, key management personnel (Former President and Chief Executive Officer – Denis Taschuk (CEO), Acting President and Chief Executive Officer – Jan Petzel (CEO), Former Chief Operating Officer – Mike Cabigon (COO), Chief Financial Officer – Prakash Hariharan (CFO) and Chief Technology Officer – Steven Splinter (CTO) and Aurora Cannabis Inc. (“Aurora”) as well as any companies controlled by key management personnel or directors). Transactions conducted with related parties took place in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Details of the related party transactions follow:

### Key Management Personnel and Director Remuneration

The remuneration of directors and key management personnel follows:

	Three months ended September 30		Six months ended September 30	
	2020	2019	2020	2019
Compensation	\$ 679,759	\$ 235,808	\$ 920,184	\$ 491,482
Short-term benefits	11,040	13,202	23,329	24,264
Share-based compensation	(165,087)	358,119	(48,931)	716,510
	<b>\$ 525,712</b>	<b>\$ 607,129</b>	<b>\$ 894,582</b>	<b>\$ 1,232,256</b>

Compensation includes key management salaries, severance, consulting fees and director's fees.

As at September 30, 2020, \$693,260 (March 31, 2020 - \$457,751) was included in accounts payable and accrued expenses for amounts owing to key management personnel, directors and companies controlled by key management personnel or directors.

### Aurora

As at September 30, 2020, Aurora held 33,101,542 shares in the Company resulting in a effective ownership of 10.3% of all issued and outstanding shares. As at March 31, 2020, \$480,042 was included in accounts receivable and as at September 30, 2020 \$nil was included in accounts receivable. As at September 30, 2020 and March 31, 2020 \$3,187,315 in accounts payable for amounts owing.

## Equity transactions

### *During the three and six months ended September 30, 2020*

During the six months ended September 30, 2020 certain directors and officers were issued 841,585 shares for settlement of debts outstanding of \$138,861. Certain officers participated in the brokered placement on May 26, 2020 and were issued 300,000 units for gross proceeds of \$55,000. The officers were also issued 300,000 warrants under the terms of the placement. There was no activity during the three months ended September 30, 2020.

There was no activity during the three and six months ended September 30, 2019.

## Services provided

### *During the three and six months ended September 30, 2020*

A property management company owned by a director received \$23,691 for the three months and \$38,291 for the six months ended September 30, 2020 (net of Canadian emergency commercial rent assistance) for rental lease payments and operating costs associated with the rental of a warehouse required by the Company.

### *During the three and six months ended September 30, 2019*

A property management company owned by a director received \$59,708 for the three months and \$111,463 for the six months ended for rental lease payments and operating costs associated with the rental of a warehouse required by the Company.

## Loans and cash advances

### *During the three and six months September 30, 2020*

A director of the Company advanced \$2,500,000 of demand loan to the Company during the year ended March 31, 2020. The loan is secured by a second charge on the land and property of the Company and bear interest at 21.0%. Total interest recorded in the three and six months ended September 30, 2020 is \$318,741 and \$635,154 respectively.

## Financial Instruments and Related Risk

Cash, accounts receivable and deposits are classified as financial assets at amortized cost. Financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

Financial liabilities are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method. The Company's financial liabilities include short term borrowings, facility construction liabilities, accounts payable and accrued liabilities, long-term debt, and lease liabilities.

The fair value of cash, accounts receivable, deposits, short term borrowings and accounts payable and accrued liabilities approximate their carrying amount due to their short-term nature. The fair values of long-term debt, facility construction liabilities, and lease liabilities are estimated to approximate their carrying value because the interest rates do not differ significantly from current interest rates for similar types of borrowing arrangements.

The Company has exposure to credit, interest rate, liquidity, foreign exchange and credit risk as follows:

### Credit Risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in the Company incurring a financial loss. The Company is exposed to credit risk on its cash, and accounts receivable and to a maximum of the carrying value of the items at the reporting date.

The Company mitigates its exposure to credit risk related to its cash by holding funds with reputable financial institutions.

The Company's trade receivables are monitored on an ongoing basis for impairment.

As at September 30, 2020, the Company had \$960,108 (March 31, 2020 - \$480,042) of trade accounts receivable balances. Credit risk is limited with respect to trade accounts receivable, as the majority of the outstanding balance at September 30, 2020 is with a government body and has been collected at the date of this MD&A. GST of \$73,164 (March 31, 2020 - \$239,352) and VAT of \$128,212 (March 31, 2020 - \$127,505) and wage subsidy benefits receivable both domestic and in Germany of \$131,530 (March 31, 2020 - \$ nil), represent the other receivables balance of \$332,906 as at September 30, 2020, (March 31, 2020 - \$366,857) and is consistently received subsequent to filing of applicable returns.

### Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company has interest rate risk in respect of its variable rate long-term debt.

For the quarter ended September 30, 2020, the increase or decrease in annual net income for each one percent change in interest rate on the variable rate long-term debt would amount to \$94,315 (March 31, 2020 - \$91,314).

## Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations.

The Company manages its liquidity risk by forecasting cash flow requirements for its planned development, production and corporate activities and anticipating investing and financing activities. Management and the Board are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments.

The Company could encounter difficulty in meeting its financial obligations if certain risks were to occur. See the Risk Factors section of this MD&A for additional related discussion and details. The Company's contractual liabilities and obligations are as follows:

	<b>&lt;1 year</b>	<b>1 to 3 years</b>	<b>4 to 5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 15,463,264	\$ -	\$ -	\$ -	\$ 15,463,264
Facility construction liabilities	8,382,662	-	-	-	8,382,662
Short term borrowings	2,820,517	-	-	-	2,820,517
Long-term debt	4,981,083	8,588,542	-	-	13,569,625
Lease liabilities	575,279	844,005	595,386	-	2,014,670
<b>Balance September 30, 2020</b>	<b>\$ 32,222,805</b>	<b>\$ 9,432,547</b>	<b>\$ 595,386</b>	<b>\$ -</b>	<b>\$ 42,250,738</b>
Accounts payable and accrued liabilities	\$ 15,341,446	\$ -	\$ -	\$ -	\$ 15,341,446
Facility construction liabilities	8,569,340	-	-	-	8,569,340
Short term borrowings	2,426,271	-	-	-	2,300,000
Long-term debt	4,338,093	9,017,500	-	-	13,355,593
Lease obligations	460,601	420,693	73,293	-	954,587
<b>Balance March 31, 2020</b>	<b>\$ 31,009,480</b>	<b>\$ 9,438,193</b>	<b>\$ 73,293</b>	<b>\$ -</b>	<b>\$ 40,520,966</b>

The contractual liabilities and obligations included in the tables above include both principal and interest cash flows.

As of the date of this MDA, \$19.8 million of obligations with trade creditors are overdue by 120 days or more. The Company is also in arrears with rent, long-term debt and lease liabilities. Radiant is actively working with its creditors to offset this situation and recognizes the associated liquidity risk to the Company if the financing initiatives do not materialize.

## Foreign Exchange Risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company operates on an international basis and is subject to foreign exchange risk related to financial assets and liabilities denominated in a foreign currency. The Company's objective with respect to foreign exchange risk, is to minimize the impact of the volatility where possible, through effective cash flow management. The following table provides an indication of the Company's exposure to changes in the value of foreign currencies relative to the Canadian dollar as at September 30, 2020. The analysis is based on financial assets and liabilities denominated in USD, Euro ("EUR") and British Pound ("GBP").

	USD		EUR		GBP
Cash	\$	2,750	\$	4,378	\$ -
Accounts receivable		8,600		86,980	-
Prepays and deposits		-		61,973	-
Accounts payable and accrued liabilities		(1,032,575)		(1,429,939)	(74,000)
Net balance sheet exposure	<b>\$</b>	<b>(1,057,324)</b>	<b>\$</b>	<b>(1,432,363)</b>	<b>\$ (74,000)</b>
Translation rate at September 30, 2020		1.35783		1.5923	1.7546
Net income impact of a 10% rate change	<b>\$</b>	<b>138,665</b>	<b>\$</b>	<b>203,277</b>	<b>\$ 12,984</b>

The estimated net income impact of a 10% rate change assumes other variables remain unchanged. The timing and volume of foreign currency denominated transactions as well as the timing of their settlement could impact the sensitivity analysis.

## Risk Factors

Readers are cautioned that the following is a summary only of certain risk factors and is not exhaustive and is qualified in its entirety by reference to and must be read in conjunction with the additional information on these and other factors that could affect the Company's operations and financial results that may be accessed through the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)), including Radiant's AIF and Annual MD&A.

### Financial History and Capital Requirements

The Company has incurred operating losses and not had a corresponding increase in revenues to offset these losses. The operations of the Company and execution on the business opportunities will depend on its ability to generate operating revenues through additional customers and to procure financing. The Company had a cumulative deficit of \$136,123,741 as of September 30, 2020 with a working capital deficit of \$16,931,312. The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that additional financing, including offerings of Notes or Debentures, can be obtained on terms favourable to Radiant or on any terms. Failure to raise the necessary funds in a timely fashion may also limit Radiant's ability to move its programs forward in a timely and satisfactory manner, or cause it to abandon the programs or force it to pursue alternative strategic options; any of which would harm its business, financial condition and results of operations, or affect its ability to continue operating.

### Impact of the COVID-19 Pandemic

Since March 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide, including Canada, the United States and several European countries enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Such events may result in a period of business disruption, and in reduced operations, any of which could have a material adverse impact on the Company's profitability, results of operations, financial condition and the trading price of the Company's securities.

Governments and central banks have reacted to the COVID-19 pandemic with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

To date, a number of businesses have suspended or scaled back their operations and development as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. If the operation or development of one or more of the Company's properties is suspended or scaled back, it may have a material adverse impact on the Company's profitability, results of operations, financial condition and the trading price of the Company's securities.

To the extent that the Company's management or other personnel are unavailable to work due to the COVID-19 pandemic, whether due to illness, government action or otherwise, it may have a material adverse impact on the Company's profitability, results of operations, financial condition and the trading price of the Company's securities.

The breadth of the impact of the COVID-19 pandemic on investors, businesses, the global economy and financial and commodity markets may also have a material adverse impact on the Company's profitability, results of operations, financial conditions, ability to raise additional capital and the trading price of the Company's securities. The Company has experienced delays in financing, reduction in plant operations, layoff of staff, reduction in discretionary costs and deferral of projects to manage cash flows.

## **Outstanding Share Data**

As at the date of this MD&A, the Company has:

Common shares issued and outstanding: 330,650,623

Fully diluted common share capital: 407,627,604

## **Stock Options**

31,032,650 stock options of the Company are issued and outstanding with a weighted average exercise price of \$0.75. Each stock option entitles its holder to purchase one common share of the Company with varying expiry dates up to May 28, 2025.

## **Finders' Options**

1,630,275 finders' options with a weighted average exercise price of \$0.20 are issued and outstanding. Each option entitles its holder to purchase one unit of the Company with varying expiry dates up to May 23, 2023. If exercised, these units would include 1,630,275 common shares and 1,630,275 common share purchase warrants entitling the holder to subscribe for additional common shares at a weighted average price of \$0.30 per common share with varying expiry dates up to May 23, 2023.

## **Warrants**

42,683,781 are issued and outstanding with a weighted average exercise price of \$0.29. Each warrant entitles its holder to purchase one common share of the Company with varying expiry dates up to June 8, 2022.