



Radiant Technologies Inc.

Interim Condensed Consolidated Financial Statements

Three and Six Months Ended September 30, 2018 and 2017
(Unaudited)

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Radiant Technologies Inc.

Interim Condensed Consolidated Balance Sheets

(Unaudited) September 30, March 31,
As at **2018** **2018**

Assets

Current assets

Cash	\$ 43,078,777	\$ 21,855,304
Accounts receivable	362,904	244,438
Prepays and deposits (Note 4)	2,590,799	1,915,683
Inventory	305,625	30,829
	46,338,105	24,046,254

Non-current assets

Long-term prepaids and deposits	862,357	490,293
Investment in related company (Note 6)	-	1,119,015
Plant and equipment (Note 4)	19,578,878	4,272,452
Intangible assets (Note 5)	255,798	84,640
	20,697,033	5,966,400

Total assets	\$ 67,035,138	\$ 30,012,654
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Liabilities

Current liabilities

Accounts payable and accrued liabilities	\$ 2,633,826	\$ 1,669,206
Current portion of long-term debt (Note 9)	61,456	166,335
Current portion of finance lease obligations	96,354	99,488
Current portion of due to related company (Note 6)	-	50,053
Advances from related company (Note 6)	-	31,287
	2,791,636	2,016,369

Non-current liabilities

Long-term debt (Note 9)	6,434,399	1,090,015
Finance lease obligations	138,932	187,828
Other long-term liabilities	-	87,694
Due to related company (Note 6)	-	758,623
	6,573,331	2,124,160

Shareholders' equity	57,670,171	25,872,125
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Total liabilities and shareholders' equity	\$ 67,035,138	\$ 30,012,654
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See accompanying notes to the consolidated financial statements

Approved by the Board of Directors:

Director (signed by) "Denis Taschuk"

Director (signed by) "Francesco Ferlino"

Radiant Technologies Inc.

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

(Unaudited)
For the periods ended September 30

	Three months		Six months	
	2018	2017	2018	2017
Revenues				
Contract manufacturing	\$ 155,571	\$ 103,702	\$ 214,060	\$ 199,624
	155,571	103,702	214,060	199,624
Cost of revenues				
Contract manufacturing	94,857	58,049	131,249	141,041
	60,714	45,653	82,811	58,583
Expenses				
General and administrative	1,094,072	733,542	2,080,378	1,476,600
Production plant	704,626	315,118	1,246,741	619,678
Process development	389,308	162,989	798,275	320,170
Business development	295,334	128,478	621,888	264,976
Corporate development	340,268	75,059	611,380	101,082
Depreciation and amortization	283,032	120,125	499,544	236,509
Financing fees (Note 14)	157,995	147,772	397,198	379,259
Quality control and assurance	146,823	97,003	365,658	130,169
Research and development	95,040	-	95,040	-
	3,506,498	1,780,086	6,716,102	3,528,443
Loss before other income (expenses)	(3,445,784)	(1,734,433)	(6,633,291)	(3,469,860)
Other income (expenses)				
Interest and other income	119,714	(9,779)	152,397	232
Rental income	4,153	21,644	12,289	52,908
Share-based payments (Note 10)	(488,708)	(365,422)	(821,337)	(4,294,466)
Allocation of related company (loss) income (Note 6)	-	(2,560)	(45,032)	7,440
Foreign exchange loss	(6,757)	(11,778)	(27,426)	(21,891)
Other expenses	-	(33)	-	(13,346)
	(371,598)	(367,928)	(729,109)	(4,269,123)
Net loss and comprehensive loss	\$ (3,817,382)	\$ (2,102,361)	\$ (7,362,400)	\$ (7,738,983)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.05)
Weighted average number of common shares outstanding	249,529,849	175,147,455	238,257,088	167,079,614

See accompanying notes to the consolidated financial statements

Radiant Technologies Inc.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited)

For the six months ended September 30

2018

2017

Operating Activities

Net loss	\$	(7,362,400)	\$	(7,738,983)
Add (deduct) items not affecting cash:				
Share-based payments (Note 10)		821,337		4,294,466
Depreciation and amortization		499,544		236,509
Finance fees accretion and amortization (Note 14)		185,741		254,535
Interest expense and pay-out penalties (Note 14)		211,457		124,724
Allocation of related company loss (income) (Note 6)		45,032		(7,440)
Doubtful debts provision		2,462		52,107
Interest income		(152,397)		-
Accretion of rent liability		(4,518)		(1,517)
		(5,753,742)		(2,785,599)
Change in non-cash operating working capital (Note 7)		(241,662)		(869,043)
Cash used in operating activities		(5,995,404)		(3,654,642)

Financing Activities

Proceeds from long-term debt (Note 9)		5,500,000		-
Proceeds from placements (Note 10)		34,202,759		-
Proceeds from exercise of warrants (Note 10)		2,217,734		3,257,013
Proceeds from exercise of stock options (Note 10)		264,515		-
Share issuance costs (Note 10)		(2,384,127)		(31,400)
Repayment of debt associated with purchase of assets (Note 6)		(2,218,614)		-
Repayment of debt associated with acquisition of 1631807 AB Ltd. (Note 6)		(1,388,692)		-
Repayment of due to related company		(996,471)		(25,163)
Interest and pay-out penalties paid		(265,056)		(57,578)
Financing costs paid on long-term debt		(226,662)		-
Repayment of long-term debt		(81,054)		(159,236)
Repayment of finance lease obligations		(52,030)		(5,700)
Repayment of royalty financial liability		-		(35,077)
Change in restricted cash		-		1,960,000
Cash provided by financing activities		34,572,302		4,902,859

Investing Activities

Purchase of plant and equipment		(6,950,057)		(80,894)
Increase in long-term prepaids and deposits		(397,064)		-
Investment in intangible assets (Note 5)		(186,238)		-
Acquisition of 1631807 AB Ltd.		93,397		-
Interest received		86,537		-
Advances from related company		-		114,554
Cash (used in) provided by investing activities		(7,353,425)		33,660

Net increase in cash

Net increase in cash		21,223,473		1,281,877
Cash, beginning of period		21,855,304		8,507,747
Cash, end of the period	\$	43,078,777	\$	9,789,624

Non-cash transactions (Note 7)

See accompanying notes to the consolidated financial statements

Radiant Technologies Inc.
Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited)

As at September 30, 2017	Common Shares	Contributed Surplus	Deficit	Equity
Balance March 31, 2017	\$ 40,639,772	\$ 11,718,108	\$(47,961,786)	\$ 4,396,094
Share-based payments	-	4,294,466	-	4,294,466
Warrant exercises	4,891,071	(1,634,058)	-	3,257,013
Conversion of debenture	1,909,636	-	-	1,909,636
Conversion of interest payable	91,096	-	-	91,096
Share issuance costs	(31,400)	-	-	(31,400)
Warrant issuance	(794,361)	794,361	-	-
Net loss	-	-	(7,738,983)	(7,738,983)
Balance September 30, 2017	\$ 46,705,814	\$ 15,172,877	\$(55,700,769)	\$ 6,177,922

As at September 30, 2018	Common Shares (Note 10)	Contributed Surplus (Note 10)	Deficit	Equity
Balance March 31, 2018	\$ 73,281,762	\$ 14,600,466	\$(62,010,103)	\$ 25,872,125
Share-based payments	-	821,337	-	821,337
Private placement	9,362,759	-	-	9,362,759
Brokered placement	24,840,000	-	-	24,840,000
Warrant exercises	2,447,793	(230,059)	-	2,217,734
Stock option exercises	480,769	(216,254)	-	264,515
Shares issued for services	154,342	-	-	154,342
Shares issued for asset purchases	3,883,886	-	-	3,883,886
Share issuance costs	(2,384,127)	-	-	(2,384,127)
Finders' options issued	(1,296,996)	1,296,996	-	-
Warrant issuance	(7,139,826)	7,139,826	-	-
Net loss	-	-	(7,362,400)	(7,362,400)
Balance September 30, 2018	\$ 103,630,362	\$ 23,412,312	\$(69,372,503)	\$ 57,670,171

See accompanying notes to the consolidated financial statements

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2018

(Unaudited)

1. Nature of operations and general information

Radiant Technologies Inc. was incorporated on June 12, 2001. The principal activities of Radiant Technologies Inc. and its subsidiaries, (collectively, the “Company”) are research, development and commercialization of an efficient and environmentally responsible technology for the extraction, isolation and purification of soluble products from a wide range of materials using microwave technology. The ordinary shares are listed on the TSXV under the symbol “RTI”. The address of the Company’s head office is 8223 Roper Road, Edmonton, Alberta T6E 6S4 and its registered office is located at 2900 – 550 Burrard Street, Vancouver, British Columbia V6C 0A3.

These interim condensed consolidated financial statements, including comparatives, were authorized for issue by the Board of Directors of the Company on November 28, 2018.

2. Basis of presentation

a) Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34: “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”) and do not include all the information required for full annual consolidated financial statements. The same accounting policies were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of the annual consolidated financial statements for the year ended March 31, 2018 except for the effects of applying IFRS 15 and IFRS 9. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2018.

b) Basis of consolidation

The interim condensed consolidated financial statements of the Company include the financial statements of Radiant Technologies Inc. and its wholly-owned subsidiaries Radiant Technologies (Cannabis) Inc. (“RTC”) and 1631807 Alberta Ltd (see Note 6).

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values. If accounted for as a business combination, any excess of the cost over the fair values of the identifiable net assets acquired is recognized as goodwill. If accounted for as a purchase of assets, any excess of the cost over fair value of the identifiable net assets is allocated to the assets purchased.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. All transactions and balances between the Company and its subsidiaries are eliminated upon consolidation.

c) Basis of measurement

The interim condensed consolidated financial statements have been prepared under the historical cost convention unless otherwise indicated.

These interim condensed consolidated financial statements were prepared on a going concern basis.

d) Functional and presentation currency

Amounts presented in these interim condensed consolidated financial statements and the notes hereto are in Canadian dollars, the Company’s functional currency, unless otherwise stated.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2018

(Unaudited)

3. New accounting standards

IFRS 9 - *Financial Instruments*

In 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. The Company adopted IFRS 9 retrospectively on April 1, 2018. The adoption of this standard did not have a significant impact to the interim condensed consolidated financial statements. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new "expected credit loss" model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The Company's financial liabilities include accounts payable and accrued liabilities, long-term debt, finance lease obligations and due to related company and have been classified as other financial liabilities for valuation purposes. Other financial liabilities are measured initially at fair value and subsequently at amortized cost using the effective interest method. The fair value of accounts payable and accrued liabilities approximates their carrying amount due to their short-term nature. The fair value of loans and borrowings approximates their carrying value as the interest rates approximate market rates. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

IFRS 9 has eliminated the previous IAS 39 categories for held to maturity, loans and receivables and available for sale financial assets. A financial asset is now classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPTL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the new standard are never separated. Instead the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets which consist of cash, accounts receivable, deposits and advances to/from related company are classified as loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The fair value of cash, accounts receivable, deposits and advances to/from related company approximates their carrying value due to their short-term nature.

IFRS 9 results in a single impairment model being applied to all financial instruments measured at amortized cost or at fair value through other comprehensive income. This expected credit loss impairment model requires more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognized and to recognize full lifetime expected losses on a timelier basis. The Company's policies and procedures surrounding the identification of credit risk and the recognition of credit losses comply with the requirements of this standard.

IFRS 15 - *Revenue from Contracts with Customers*

The Company adopted IFRS 15 – *Revenue from Contracts with Customers* on April 1, 2018 using the modified retrospective approach where the cumulative impact of adoption would be recognized in retained earnings as of April 1, 2018 and comparatives would not be restated. IFRS 15 replaced IAS 18 - *Revenue* in its entirety. The standard contains a single model that applies to contracts with customers and two approaches to recognize revenue: at a point in time or over time. This single model sets out a five-step framework to determine whether, how much and when revenue is recognized.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2018
(Unaudited)

3. New accounting standards (cont'd)

The Company derives revenue from contracts with customers to extract natural compounds from a range of biological materials for health and wellness and cannabis products. Under IFRS 15's new guidelines, revenues from extraction services are recognized when the extraction services are completed or when extracted compounds are loaded for shipping, which is the point in time when the Company transfers control and satisfies its service obligation. The Company applied IFRS 15 retrospectively to all contracts that were not complete on April 1, 2018, the date of initial application to determine if a restatement was required for prior periods presented. The Company performed a comprehensive review of existing contracts, control processes and revenue recognition methodology. In evaluating the impact of the standard on previously reported comparative figures, the Corporation determined that there was no change required as the existing revenue recognition practices met the requirements of IFRS 15. Consequently, there was no adjustment to the opening balance of retained earnings as at April 1, 2018, no change to the classification and timing of revenue recognition, the measurement of contract costs or the recognition of contract assets (costs in excess of billings) and contract liabilities (deferred revenue).

4. Plant and equipment

	Equipment	Leasehold improvements	Buildings and improvements	Land and improvements	Computer hardware	Office furniture	Total
Cost							
March 31, 2017	\$ 6,412,175	\$ 5,148,532	\$ -	\$ -	\$ 50,539	\$ 3,260	\$ 11,614,506
Additions	1,017,418	679,430	-	-	109,134	45,001	1,850,983
Transfers	5,000	-	-	-	-	(5,000)	-
Disposals	-	-	-	-	(29,669)	-	(29,669)
March 31, 2018	\$ 7,434,593	\$ 5,827,962	\$ -	\$ -	\$ 130,004	\$ 43,261	\$ 13,435,820
Additions	3,904,774	1,429,823	3,646,336	2,294,752	68,249	33,828	11,377,762
Assets acquired in 1631807 AB Ltd.	-	-	3,150,410	1,262,719	-	-	4,413,129
Transfers	619,806	(914,009)	(1,452)	267,235	28,420	-	-
September 30, 2018	\$ 11,959,173	\$ 6,343,776	\$ 6,795,294	\$ 3,824,706	\$ 226,673	\$ 77,089	\$ 29,226,711
Accumulated depreciation and impairment							
March 31, 2017	\$ 4,505,597	\$ 4,121,895	\$ -	\$ -	\$ 45,391	\$ 3,260	\$ 8,676,143
Depreciation	341,729	151,060	-	-	23,324	781	516,894
Disposals	-	-	-	-	(29,669)	-	(29,669)
March 31, 2018	\$ 4,847,326	\$ 4,272,955	\$ -	\$ -	\$ 39,046	\$ 4,041	\$ 9,163,368
Depreciation	284,985	98,713	63,196	3,402	28,110	6,059	484,465
September 30, 2018	\$ 5,132,311	\$ 4,371,668	\$ 63,196	\$ 3,402	\$ 67,156	\$ 10,100	\$ 9,647,833
Carrying value							
March 31, 2018	\$ 2,587,267	\$ 1,555,007	\$ -	\$ -	\$ 90,958	\$ 39,220	\$ 4,272,452
September 30, 2018	\$ 6,826,862	\$ 1,972,108	\$ 6,732,098	\$ 3,821,304	\$ 159,517	\$ 66,989	\$ 19,578,878

\$3,404,141 of equipment, \$584,541 of leasehold improvements and \$232,642 of building and improvements (March 31, 2018 – leasehold improvements of \$538,922) are not available for use and therefore depreciation has not yet commenced.

Included in prepaids and deposits is \$1,120,171 (March 31, 2018 - \$861,652) which are advance payments on the purchase of various pieces of equipment. \$266,549 of the equipment is expected to be delivered in Q3 fiscal 2019 and the remaining \$853,622 is expected to be delivered in fiscal 2020 related to the Company's future capital expansion projects.

Included in the additions of land and improvements is capitalized borrowing costs of \$14,895 (March 31, 2018 - \$nil) related to the purchase of vacant land. The borrowing costs have been capitalized at the rate of the specific borrowing which is the greater of 8.5% or the Bank of Nova Scotia prime rate plus 5.05% per annum (September 30, 2018 – 8.75%).

Radiant Technologies Inc.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2018
(Unaudited)

5. Intangible assets

	Patents	Licenses	ERP ⁽¹⁾	Other	Total
Cost					
Balance March 31, 2017	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Additions	-	47,044	26,045	-	73,089
Balance March 31, 2018	\$ 100,000	\$ 47,044	\$ 26,045	\$ -	\$ 173,089
Additions	-	-	155,781	30,457	186,238
Balance September 30, 2018	\$ 100,000	\$ 47,044	\$ 181,826	\$ 30,457	\$ 359,327
Accumulated amortization					
Balance March 31, 2017	\$ 65,455	\$ -	\$ -	\$ -	\$ 65,455
Amortization	21,818	1,176	-	-	22,994
Balance March 31, 2018	\$ 87,273	\$ 1,176	\$ -	\$ -	\$ 88,449
Amortization	10,909	3,528	-	643	15,080
Balance September 30, 2018	\$ 98,182	\$ 4,704	\$ -	\$ 643	\$ 103,529
Carrying value					
March 31, 2018	\$ 12,727	\$ 45,868	\$ 26,045	\$ -	\$ 84,640
September 30, 2018	\$ 1,818	\$ 42,340	\$ 181,826	\$ 29,814	\$ 255,798

Notes: ⁽¹⁾ Enterprise resource planning system ("ERP")

\$ 25,832 of other intangible assets and the full carrying value of ERP assets are not available for use and therefore amortization has not yet commenced.

6. Investment in, advances from and due to related company

On December 14, 2011, the Company acquired a 50% interest in 1631807 Alberta Ltd. in exchange for \$1,050,000. This affiliate acquired land and buildings at 4035 - 101 Street in Edmonton, Alberta for \$3,800,000 and assumed a \$1,700,000 mortgage that was held by Business Development Corporation (BDC). The property was then leased to the Company as its Edmonton production plant.

On May 3, 2018, the Company purchased the remaining 50% interest in 1631807 Alberta Ltd. from Amnor Group Inc., a company controlled by one of the directors of the Company and the other 50% shareholder of 1631807 Alberta Ltd. Pursuant to this transaction, the Company issued 1,246,449 common shares for total share consideration of \$1,882,500, less cash receivable from Amnor Group Inc. of \$75,297 for total consideration of \$1,807,203. The transaction has been accounted for as a purchase of assets. The Company continued to account for its investment in 1631807 Alberta Ltd. using the equity method until May 3, 2018 and recorded its portion of the related company loss as \$nil (2017 - \$2,560) for the three months and \$45,032 for the six months ended September 30, 2018 (2017 - income of \$7,440).

The balance in the investment in related company account on the closing date of the transaction follows:

Investment in related company	
Balance at March 31, 2018	\$ 1,119,015
Allocation of loss to May 3, 2018	(45,032)
Balance at May 3, 2018	\$ 1,073,983

Subsequent to the closing of the transaction, the results of 1631807 Alberta Ltd. are fully consolidated within the Company's financial statements and the investment in related company eliminated upon consolidation.

Radiant Technologies Inc.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2018
(Unaudited)

6. Investment in, advances from and due to related company (cont'd)

The total deemed consideration and fair value of identifiable assets acquired and liabilities assumed as a result of the transaction, are as follows:

Consideration for acquisition of assets of 1631807 Alberta Ltd.

Investment in related company at May 3, 2018	\$	1,073,983
Fair value of consideration for remaining 50% interest		1,807,203
Acquisition costs		28,714
Deemed consideration	<u>\$</u>	<u>2,909,900</u>

Fair value of identifiable assets acquired

Current assets		
Cash	\$	46,814
Accounts receivable		2,232
		<u>49,046</u>
Non-current assets		
Advances to related company		331
Other non-current assets		83,176
Plant and equipment		4,413,129
		<u>4,496,636</u>
Total assets	<u>\$</u>	<u>4,545,682</u>

Less fair value of liabilities assumed

Current liabilities		
Accounts payable and accrued liabilities	\$	199,639
Non-current liabilities		
Long term debt		1,411,143
Other long-term liabilities		25,000
		<u>1,436,143</u>
Total liabilities	<u>\$</u>	<u>1,635,782</u>

Net identifiable assets acquired less liabilities assumed \$ 2,909,900

On May 3, 2018, subsequent to the acquisition of the remaining shares of 1631807 Alberta Ltd., the Company completed a real estate transaction with Amnor Group Inc. to purchase two parcels of land and existing buildings, (the "Adjacent Lands") adjacent to the Company's production facility. As consideration for the Adjacent Lands, the Company issued 1,553,190 common shares for total consideration of \$2,001,386 and also assumed debt of \$2,218,614 related to the purchased assets. The Company then secured a \$5,500,000 mortgage which was used to repay the existing mortgage on the production facility of \$1,411,143 less a pay-out penalty of \$22,452 as well as the debt assumed on the Adjacent Lands (Note 9).

In conjunction with the transaction above, the Company repaid the loan payable to 1631807 Alberta Ltd. of \$993,017 at May 3, 2018 (March 31, 2018 - \$996,471) as well as a pay-out penalty of \$16,414.

Radiant Technologies Inc.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2018
(Unaudited)

7. Change in non-cash operating working capital

	September 30, 2018	September 30, 2017
Accounts receivable	\$ (52,836)	\$ (76,877)
Prepays and deposits	(675,116)	(448,262)
Inventory	(274,796)	-
Deferred revenue	-	15,640
Accounts payable and accruals	761,086	(359,544)
Net change in non-cash operating working capital	\$ (241,662)	\$ (869,043)

Non-cash transactions

Purchase of assets through issuance of shares (Note 6)	\$ 2,001,386	\$ -
Acquisition of 1631807 AB Ltd. through issuance of shares (Note 6)	1,882,500	-
Assumption of debt on purchase of assets (Note 6)	2,218,614	-
Settlement of services payable through issuance of shares	154,342	-
Settlement of convertible debenture through issuance of shares	-	1,909,636
Conversion of repayable government contributions to long-term debt	-	888,493
Settlement of interest payable through issuance of shares	-	91,096
Payment of arrears interest on repayable government contributions through advance on debt	-	5,193

8. Capital management

The primary objectives of the Company's capital management strategy are to:

- Provide an adequate return to its shareholders;
- Provide adequate and efficient funding for operations;
- Finance growth; and
- Preserve financial flexibility to benefit from potential opportunities as they arise.

The Company has historically financed operations and capital expansions mainly by receiving funds borrowed from creditors and obtained from investors by issuing convertible promissory notes and preferred and common shares. If so required and available, the Company will continue this practice in the future.

The capital structure of the Company consists of long-term liabilities and equity as follows:

	September 30, 2018	March 31, 2018
Long-term debt (Note 9)	\$ 6,434,399	\$ 1,090,015
Due to related company	-	758,623
Other long-term liabilities	-	87,694
Finance lease obligations	138,932	187,828
Total debt	6,573,331	2,124,160
Shareholders' equity	57,670,171	25,872,125
	\$ 64,243,502	\$ 27,996,285

The Company is not subject to externally imposed capital requirements. There has been no change with respect to the overall capital risk management strategy during the six months ended September 30, 2018.

Radiant Technologies Inc.
Notes to the Interim Condensed Consolidated Financial Statements
September 30, 2018
(Unaudited)

9. Long-term debt

	September 30, 2018	March 31, 2018
Loan payable bearing interest at 5.8% with monthly payments of \$9,327 maturing October 1, 2021	\$ 314,240	\$ 360,725
Loan payable bearing interest at 4.55% with monthly payments of \$2,586 maturing March 1, 2023	126,287	138,848
Loan payable bearing interest at Bank of Canada policy interest rate plus 3% with variable payments maturing June 1, 2025	734,769	756,777
Mortgage payable bearing interest at the greater of 8.5% or Bank of Nova Scotia prime rate plus 5.05% per annum with monthly interest only payments commencing on May 1, 2018 and principal maturing on May 1, 2020	5,500,000	-
Financing costs	(179,441)	-
	6,495,855	1,256,350
Current portion	(61,456)	(166,335)
	\$ 6,434,399	\$ 1,090,015

On May 3, 2018, the Company acquired the remaining 50% interest in 1631807 Alberta Ltd. and the Adjacent Lands from Amnor Group Inc. (Note 6). In conjunction with these transactions, the Company entered into a \$5,500,000 mortgage with Moskowitz Capital Mortgage Fund II Inc. ("Moskowitz") to discharge the previous mortgage loans on these properties. The mortgage is secured by the Company's production facility and the Adjacent Lands.

Interest expense that has not been capitalized as a borrowing cost is presented under financing fees and is \$126,148 (2017 - \$12,775) for the three months and \$212,918 (2017 - \$21,001) for the six months ended September 30, 2018.

The Company is in compliance with all terms and conditions of its long-term debt agreements.

Radiant Technologies Inc.
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(Unaudited)

10. Share capital

a) Common shares

i) Authorized

Unlimited number of common shares without par value

ii) Issued and outstanding common shares

	Shares	Amount
Balance March 31, 2017	150,688,265	\$ 40,639,772
Issuance of shares on private placements	4,541,889	6,222,388
Warrant exercises	41,561,932	18,163,374
Conversion of debenture	14,285,714	1,909,636
Conversion of interest payable	181,707	91,096
Conversion of royalty financial liability	9,424,330	5,453,457
Stock options exercises	2,584,090	3,131,071
Finders' option exercises	1,060,500	1,017,019
Shares issued for services	74,824	75,530
Share issuance costs	-	(103,540)
Warrant issuance	-	(3,318,041)
Balance March 31, 2018	224,403,251	\$ 73,281,762
Issuance of shares to acquire 50% interest in related company (Note 6)	1,246,449	1,882,500
Issuance of shares to purchase the Adjacent Lands (Note 6)	1,553,190	2,001,386
Issuance of shares on private placements	28,502,299	34,202,759
Warrant exercises	4,294,356	2,447,793
Stock option exercises	405,715	480,769
Shares issued for services	120,611	154,342
Share issuance costs	-	(2,384,127)
Warrant issuance	-	(7,139,826)
Finders' option issuance	-	(1,296,996)
Balance September 30, 2018	260,525,871	\$ 103,630,362

b) Placements

Shares issued for asset purchases

The Company issued 1,246,449 common shares, for total consideration of \$1,882,500 to Amnor Group Inc. for the purchase of its 50% interest in 1631807 Alberta Ltd. (Note 6).

The Company also issued 1,553,190 common shares for total consideration of \$2,001,386 on behalf of its wholly owned subsidiary 1631807 Alberta Ltd to purchase the Adjacent Lands (Note 6).

Share issue costs include \$20,582 for the six months ended September 30, 2018 (\$nil for the year ended March 31, 2018) of costs incurred related to shares issued for asset purchases.

Radiant Technologies Inc.

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10. Share capital (cont'd)

b) Placements (cont'd)

Shares issued for debt

During the year ended March 31, 2018 units of the Company were issued on various dates in exchange for quarterly interest payments due under a \$2,000,000 convertible debenture that was outstanding during that time as well as for the subsequent conversion of that debenture on July 28, 2017. Each unit issued consisted of one common share and one common share purchase warrant exercisable for one additional common share. Specific details for each transaction are summarized in the table below.

In each of the unit transactions, the common share purchase warrants were allocated a portion of the total amount payable based upon their relative fair value at the date of issuance. The fair values of the common share purchase warrants were determined using a Black-Scholes option pricing valuation model.

Share issue date	(1) Jun 15, 2017	(2) Jul 28, 2017	(3) Jul 28, 2017	Total
Issue price per unit	\$ 0.48	\$ 0.14	\$ 0.53	
Common shares issued	104,167	14,285,714	77,540	14,467,421
Warrants issued	104,167	14,285,714	77,540	14,467,421
Warrants exercise price	\$ 0.48	\$ 0.33	\$ 0.53	
Warrant term in months	20	18.5	18.5	
Debt amount settled	\$ 50,000	\$ 1,909,636	\$ 41,096	\$ 2,000,732
Cash issuance costs	-	(3,700)	-	(3,700)
Fair value on warrant issuance	(18,750)	(760,820)	(14,791)	(794,361)
Net value allocated to common shares	\$ 31,250	\$ 1,145,116	\$ 26,305	\$ 1,202,671

- Notes:
- (1) Units issued to Aurora Cannabis Inc. ("Aurora") in exchange for quarterly interest due on the convertible debenture based on the closing market price of the Company's common shares on May 12, 2017.
- (2) Units issued to Aurora on conversion of the convertible debenture on July 28, 2017. The number of units issued were based on the face value of the debenture of \$2,000,000. The outstanding debenture balance net of financing fees at the time of the conversion was \$1,909,636.
- (3) Units issued to Aurora in exchange for quarterly interest due on the convertible debenture up to the date of conversion based on the closing market price of the Company's common shares on July 27, 2017.

A summary of the assumptions used for each debt settlement is set out below:

	Jun 15, 2017	Jul 28, 2017	Jul 28, 2017
Common share purchase warrants			
Common share market price	\$ 0.51	\$ 0.53	\$ 0.53
Risk free interest rate	0.75%	0.75%	0.75%
Expected dividend yield	-	-	-
Estimated common share price volatility	126%	124%	124%
Estimated life in years	1.67	1.55	1.55

The estimated volatility is based on the Company's historic volatility since May 22, 2014.

Furthermore, during the year ended March 31, 2018, 9,424,330 common shares of the Company were issued to settle the non-current portion owing under the royalty financial liability of \$5,453,457 that was previously outstanding and subsequently extinguished on October 2, 2017. Share issue costs include \$31,550 related to the issuance of these shares.

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10. Share capital (cont'd)

b) Placements (cont'd)

There were no shares issued for debt during the six months ended September 30, 2018.

Shares for services

During the year ended March 31, 2018, the Company approved multiple share for service agreements with third parties in exchange for business development and consulting services. Pursuant to the terms of the agreements the Company may issue common shares in exchange for a maximum amount of services provided at the option of the third party. The number of shares will be issued quarterly based on the closing price of the Company's shares on the last trading day each quarter. The agreements were approved by the TSX Venture Exchange and will be subject to approval for each successive 2-year renewal term.

Details of the agreements and the number of shares issued during the six months ended September 30, 2018 and year ended March 31, 2018 are shown below:

Shares issued for the six months ended September 30, 2018

Agreement issue date	(1) Aug 28, 2017	(2) Nov 28, 2017	(3) Dec 6, 2017	Total
Maximum services amount	\$ 250,000 USD	\$ 102,000 USD	\$ 96,000 CAD	
Common shares issued	39,982	59,037	21,592	120,611
Value of services (contract currency)	\$ 39,000 USD	\$ 57,800 USD	\$ 27,971 CAD	
Value of services (CAD)	\$ 50,924 CAD	\$ 75,447 CAD	\$ 27,971 CAD	\$ 154,342 CAD
Weighted average issue price per common share	\$ 1.27 CAD	\$ 1.28 CAD	\$ 1.30 CAD	
Balance included in accounts payable and accrued liabilities (Note 16)				
Contract currency	\$ 6,750 USD	\$ 38,250 USD	\$ - CAD	
CAD	\$ 8,738 CAD	\$ 49,515 CAD	\$ - CAD	\$ 58,253 CAD

Shares issued for the year ended March 31, 2018

Agreement issue date	(1) Aug 28, 2017	(2) Nov 28, 2017	(3) Dec 6, 2017	Total
Maximum services amount	\$ 250,000 USD	\$ 102,000 USD	\$ 96,000 CAD	
Common shares issued	68,184	4,847	1,793	74,824
Value of services (contract currency)	\$ 51,000 USD	\$ 6,800 USD	\$ 3,156 CAD	
Value of services (CAD)	\$ 63,843 CAD	\$ 8,531 CAD	\$ 3,156 CAD	\$ 75,530 CAD
Weighted average issue price per common share	\$ 0.94 CAD	\$ 1.76 CAD	\$ 1.76 CAD	
Balance included in accounts payable and accrued liabilities				
Contract currency	\$ 15,750 USD	\$ 24,225 USD	\$ 13,265 CAD	
CAD	\$ 20,308 CAD	\$ 31,236 CAD	\$ 13,265 CAD	\$ 64,809 CAD

Share issue costs include \$nil for the six months ended September 30, 2018 (\$3,465 for the year ended March 31, 2018) of costs incurred related to shares issued for services.

Radiant Technologies Inc.

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(Unaudited)

10. Share capital (cont'd)

b) Placements (cont'd)

Placements

During the six months ended September 30, 2018, the Company completed placements with specific details for each placement summarized in the tables below. Each placement was completed in a unit offering consisting of one common share and one-half common share purchase warrant. In each placement, the Company also issued finders' options to certain underwriters or finders. These options, if exercised would include issuance of one common share and one-half common share purchase warrant. Each whole common share purchase warrant issued is exercisable for one common share.

During the year ended March 31, 2018, the Company completed a placement with Aurora as noted below. The placement was completed in a unit offering consisting of one common share and one share purchase warrant. Each common share purchase warrant is exercisable for one common share.

In each of the placements the common share purchase warrants and the finders' options were allocated a portion of the proceeds based upon their relative fair value at the date of issuance as applicable to the placement. The fair values of the common share purchase warrants and the finders' options were determined using a Black-Scholes option pricing valuation model.

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10. Share capital (cont'd)

b) Placements (cont'd)

Placement closing date	Six months ended September 30, 2018			Year ended March 31, 2018
	(1) July 31, 2018	(2) July 31, 2018	Total	Dec 12, 2017
Issue price per unit	\$ 1.20	\$ 1.20		\$ 1.37
Common shares issued	20,700,000	7,802,299	28,502,299	4,541,889
Warrants issued	10,350,000	3,901,149	14,251,149	4,541,889
Warrant exercise price	\$ 1.50	\$ 1.50		\$ 1.71
Warrant term in months	24 ⁽³⁾	24 ⁽³⁾		24
Cash proceeds summary:				
Gross proceeds	\$ 24,840,000	\$ 9,362,759	\$ 34,202,759	\$ 6,222,388
Cash issuance costs	(1,846,851)	(506,312)	(2,353,163)	(38,837)
Net cash proceeds on issuance	\$ 22,993,149	\$ 8,856,447	\$ 31,849,596	\$ 6,183,551
Fair value of finders' options	(991,737)	(305,259)	(1,296,996)	-
Total issuance costs	\$ (2,838,588)	\$ (811,571)	\$ (3,650,159)	\$ (38,837)
Fair value on warrant issuance	(5,185,350)	(1,954,476)	(7,139,826)	(2,397,753)
Net value allocated to common shares	\$ 16,816,062	\$ 6,596,712	\$ 23,412,774	\$ 3,785,798
Finders' options issued	1,242,000	382,290	1,624,290	-
Exercise price	\$ 1.20	\$ 1.20		\$ -
Options term in months	24	24		-
Amounts if options are exercised:				
Common shares	1,242,000	382,290	1,642,290	-
Warrants	621,000	191,145	812,145	-
Warrant exercise price	\$ 1.50	\$ 1.50		\$ -
Warrant term in months	24	24		-
Fair value of finders' options allocated to:				
Common shares	\$ 680,616	\$ 209,495	\$ 890,111	\$ -
Common share purchase warrants	311,121	95,764	406,885	-
	\$ 991,737	\$ 305,259	\$ 1,296,996	\$ -

- Notes:
- (1) Bought deal offering with Canaccord Genuity Corp (the lead underwriter), GMP Securities L.P. and Laurentian Bank Securities Inc.
- (2) The placement consisted of the first and only tranche of the non-brokered private placement announced on July 5, 2018.
- (3) The term of the warrants is 24 months from the closing date which can be accelerated if the Company provides the warrant holder 30 days notice should the weighted average price of the common shares exceed \$2.25 in 20 consecutive trading days.

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10. Share capital (cont'd)

b) Placements (cont'd)

A summary of the assumptions used for each private placement is set out below:

Placement closing date	Six months ended September 30, 2018		Year ended March 31, 2018
	(1) July 31, 2018	(2) July 31, 2018	Dec 12, 2017
Common share purchase warrants			
Common share market price	\$ 0.99	\$ 0.99	\$ 1.82
Risk free interest rate	1.75%	1.75%	1.25%
Expected dividend yield	-	-	-
Estimated common share price volatility	116%	116%	122%
Estimated life in years	2.0	2.0	2.0
Finders' options allocated to common shares and common share purchase warrants			
Common share market price	\$ 0.99	\$ 0.99	\$ -
Risk free interest rate	1.75%	1.75%	-
Expected dividend yield	-	-	-
Estimated common share price volatility	116%	116%	-
Estimated life in years	2.0	2.0	-

Notes: (1) and (2) see above.

The continuity of the Company's outstanding finders' options is as follows:

	Six months ended September 30, 2018		Year ended March 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	70,000	\$ 0.45	1,130,500	\$ 0.45
Finders' options issued	1,624,290	1.20	-	-
Finders' options exercised	-	-	(1,060,500)	0.45
Outstanding, end of period	1,694,290	\$ 1.17	70,000	\$ 0.45

During the year ended March 31, 2018, the exercise of finders' options included the issuance of 1,060,500 common shares and 530,250 common share purchase warrants exercisable at a price of \$0.70 per common share until March 9, 2019. The gross proceeds of these exercises of \$477,225 plus the net value attributed to the common shares on the initial grant of the finders' options of \$539,794 were recognized in common shares.

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10. Share capital (cont'd)

b) Placements (cont'd)

The common share purchase warrants issued on exercise of the finders' options were allocated a portion of the gross proceeds based upon their relative fair value at the date of issuance. This fair value of \$121,177 was determined using a Black-Scholes option pricing valuation model with the following assumptions:

	Nov 17, 2017	Jan 10, 2018
Finders' warrants		
Common share market price	\$ 1.35	\$ 2.05
Risk free interest rate	0.75%	1.25%
Expected dividend yield	0%	0%
Estimated common share price volatility	122%	121%
Estimated life in years	1.3	1.2

If exercised, the options outstanding at September 30, 2018 of 1,694,290 (March 31, 2018 – 70,000) would include 1,694,290 (March 31, 2018 – 70,000) common shares and 812,145 (March 31, 2018 - 35,000) common share purchase warrants.

c) Warrants

The continuity of the Company's outstanding warrants is as follows:

	Six months ended September 30, 2018		Year ended March 31, 2018	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	33,139,452	\$ 0.54	54,911,824	\$ 0.34
Warrants issued	14,251,149	1.50	19,789,560	0.66
Warrants exercised	(4,294,356)	0.52	(41,561,932)	0.32
Warrants expired	(1)	0.10	-	-
Outstanding, end of period	43,096,244	\$ 0.86	33,139,452	\$ 0.54

During the six months ended September 30, 2018 and the year ended March 31, 2018, warrant holders exercised common share purchase warrants and finders' warrants. The gross proceeds of these exercises plus the net value attributed to these warrants on the initial grant were recognized in common shares as summarized below:

Warrants exercised for the six months ended September 30, 2018

Warrant exercise price	Number of warrants exercised	Gross proceeds	Fair value of warrants transferred to common shares	Common shares
\$0.25	112,857	\$ 28,214	\$ 7,092	\$ 35,306
\$0.50	3,687,650	1,843,825	114,930	1,958,755
\$0.70	493,849	345,695	108,037	453,732
	4,294,356	\$ 2,217,734	\$ 230,059	\$ 2,447,793

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10. Share capital (cont'd)

c) Warrants (cont'd)

Warrants exercised for the year ended March 31, 2018

Warrant exercise price	Number of warrants exercised	Gross proceeds	Fair value of warrants transferred to common shares	Common shares
\$0.10	847,738	\$ 84,774	\$ 69,311	\$ 154,085
\$0.11	3,209,853	337,034	1,215,867	1,552,901
\$0.25	17,217,379	4,304,345	1,152,936	5,457,281
\$0.33	14,285,714	4,714,286	760,820	5,475,106
\$0.48	104,167	50,000	18,750	68,750
\$0.50	500,000	250,000	15,000	265,000
\$0.53	77,540	41,096	14,791	55,887
\$0.70	5,319,541	3,723,679	1,410,685	5,134,364
	41,561,932	\$ 13,505,214	\$ 4,658,160	\$ 18,163,374

Share issue costs include \$10,382 for the six months ended September 30, 2018 (\$25,988 for the year ended March 31, 2018) of costs incurred related to warrant exercises.

The following table summarizes information about warrants outstanding at September 30, 2018 and March 31, 2018.

September 30, 2018			March 31, 2018		
Exercise price	Number of warrants	Remaining contractual life (years)	Exercise Price	Number of warrants	Remaining contractual life (years)
\$ 0.50	-	-	\$ 0.50	1,510,000	0.3
0.10	-	-	0.10	1	0.4
0.50	-	-	0.50	1,857,400	0.4
0.50	864,650	0.1	0.50	864,650	0.5
0.50	100,000	0.2	0.50	250,000	0.7
0.50	625,000	0.2	0.50	625,000	0.7
0.50	636,050	0.4	0.50	636,050	0.9
0.70	2,865,654	0.4	0.70	3,359,503	0.9
0.50	319,850	0.6	0.50	319,850	1.1
0.25	250,000	0.7	0.25	250,000	1.2
-	-	-	0.50	170,250	1.2
0.25	1,132,950	1.0	0.25	1,132,950	1.5
0.25	500,000	1.2	0.25	500,000	1.7
1.71	4,541,889	1.2	1.71	4,541,889	1.7
0.25	1,000,000	1.2	0.25	1,000,000	1.7
0.25	1,175,000	1.4	0.25	1,175,000	1.9
0.25	1,869,335	1.4	0.25	1,869,335	1.9
0.25	1,070,712	1.5	0.25	1,070,712	2.0
0.25	3,051,310	1.7	0.25	3,051,310	2.2
0.25	8,842,695	1.7	0.25	8,955,552	2.2
1.50	14,251,149	1.8	-	-	-
\$ 0.86	43,096,244	1.5	\$ 0.54	33,139,452	1.6

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10. Share capital (cont'd)

d) Stock option plan

The Company's stock option plan (the "Stock Option Plan") provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for the period of up to ten (10) years.

In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the TSXV. Options have been issued with vesting periods of immediate to 4 years with terms between 2 and 10 years.

The continuity of the Company's outstanding and exercisable stock options is as follows:

	Six months ended September 30, 2018		Year ended March 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	9,993,224	\$ 0.82	2,114,362	\$ 0.76
Options granted	1,475,000	1.20	10,495,765	0.79
Options exercised	(405,715)	0.65	(2,584,090)	0.66
Options forfeited	(60,000)	1.13	(32,813)	0.66
Outstanding, end of period	11,002,509	\$ 0.87	9,993,224	\$ 0.82
Exercisable, end of period	8,443,858	\$ 0.83	8,007,390	\$ 0.82

The following tables summarize information about stock options granted during the six months ended September 30, 2018 and year ended March 31, 2018. The weighted average grant date fair value was estimated using the Black Scholes option pricing model using the following grant date assumptions:

Options granted for the six months ended September 30, 2018

	June 4, 2018
Options granted:	
Options granted	1,475,000
Exercise price	\$ 1.20
Weighted average grant date fair value	\$ 0.98
Assumptions used:	
Grant date stock price	\$ 1.20
Risk free interest rate	1.75%
Expected dividend yield	-
Estimated common share price volatility	117%
Estimated life in years	5

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10. Share capital (cont'd)

d) Stock option plan (cont'd)

Options granted for the year ended March 31, 2018

	April 3, 2017	August 28, 2017	December 6, 2017	Total
Options granted:				
Options granted	8,517,765	700,000	1,278,000	10,495,765
Exercise price	\$ 0.66	\$ 0.50	\$ 1.82	
Weighted average grant date fair value	\$ 0.55	\$ 0.42	\$ 1.41	
Assumptions used:				
Grant date stock price	\$ 0.65	\$ 0.50	\$ 1.71	
Risk free interest rate	0.50%	1.00%	1.00%	
Expected dividend yield	-	-	-	
Estimated common share price volatility	128%	123%	122%	
Estimated life in years	5	5	5	

In addition to the 1,278,000 options granted on December 6, 2017, the Company approved the grant of 3,900,000 options to certain key management personnel of the Company. Because these options will vest based on specific milestones which have not yet been determined, the options have not been included in the balance of options granted.

For stock options granted the Company records compensation expense using the fair value method. Fair values are determined using the Black-Scholes Option pricing model. Compensation costs are recognized over the vesting period as an increase to share based payments expense and contributed surplus. When stock options are subsequently exercised, the fair-value of such stock options in contributed surplus is credited to share capital.

The estimated volatility is based on the Company's historic volatility since May 22, 2014.

During the six months ended September 30, 2018 and year ended March 31, 2018 stock options were exercised for common shares. The gross proceeds of these exercises plus the net value attributed to these stock options on the initial grant were recognized in common shares as summarized below:

Stock options exercised for the six months ended September 30, 2018

Original grant date	Exercise price	Number of options exercised	Gross proceeds	Fair value of options transferred to common shares	Common shares
April 3, 2017	\$ 0.66	305,000	\$ 201,300	\$ 167,750	\$ 369,050
August 28, 2017	\$ 0.50	75,000	37,500	31,275	68,775
May 22, 2014	\$ 1.00	25,715	25,715	17,229	42,944
		405,715	\$ 264,515	\$ 216,254	\$ 480,769

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10. Share capital (cont'd)

d) Stock option plan (cont'd)

Stock options exercised for the year ended March 31, 2018

Original grant date	Exercise price	Number of options exercised	Gross proceeds	Fair value of options transferred to common shares	Common shares
August 26, 2013	\$ 0.60	501	\$ 301	\$ 10	\$ 311
April 17, 2014	\$ 0.60	627	376	582	958
June 23, 2014	\$ 0.75	100,000	75,000	66,900	141,900
April 3, 2017	\$ 0.66	2,426,712	1,601,630	1,334,691	2,936,321
August 28, 2017	\$ 0.50	56,250	28,125	23,456	51,581
		2,584,090	\$ 1,705,432	\$ 1,425,639	\$ 3,131,071

The following table summarizes information about stock options outstanding at September 30, 2018 and March 31, 2018:

September 30, 2018			March 31, 2018		
Exercise price	Number of options	Remaining contractual life (years)	Exercise price	Number of options	Remaining contractual life (years)
\$ 0.60	3,340	1.6	\$ 0.60	3,340	2.1
1.00	51,428	3.1	1.00	77,143	3.6
0.66	5,753,240	3.5	0.66	6,058,240	4.0
0.50	568,750	3.9	0.50	643,750	4.4
1.82	1,278,000	4.2	1.82	1,278,000	4.7
1.20	1,425,000	4.7	-	-	-
0.60	3,340	4.9	0.60	3,340	5.4
0.60	19,411	5.6	0.60	19,411	6.1
0.75	1,900,000	5.7	0.75	1,910,000	6.2
\$ 0.87	11,002,509	4.1	\$ 0.82	9,993,224	4.5

The total share-based payments recognized during the three and six months ended September 30, 2018 of \$488,708 (2017 - \$365,422) and \$821,337 (2017 - \$4,294,466) respectively was recorded as an expense.

11. Operating lease arrangements

Leasing arrangements

Operating leases relate to leases for office and warehouse space with lease terms between 1 and 5 years. The 5-year lease for the premises at 8223 Roper Road in Edmonton has one 5-year renewal clause which would be based on market rental rates at the time of negotiation. The remaining operating leases do not contain renewal options.

Leasing payments recognized as an expense are \$60,160 (2017- \$115,336) for the three months and \$140,917 (2017 - \$229,377) for the six months ended September 30, 2018.

Radiant Technologies Inc.

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11. Operating lease arrangements (cont'd)

Non-cancellable operating lease commitments

Future minimum lease payments payable under non-cancellable operating leases are as follows:

	September 30, 2018
Within one year	\$ 607,860
After one year but not more than five years	165,594
	<u>\$ 773,454</u>

12. Commitments for expenditure

The Company has entered into various contracts for the purchase of plant and equipment related to its planned capital expansion projects. As at September 30, 2018, the remaining commitments related to these contracts is \$1,043,381 (\$159,603 for leasehold improvements and \$883,778 for equipment).

In addition, the Company has entered into a contract for the maintenance of certain assets with a commitment of \$42,595 being required within one year.

13. Related party transactions

The Company's related parties are its Board of Directors and key management personnel (President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Technology Officer) 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 and are not disclosed in this note.

a) 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	
	2018	2017	2018	2017
Compensation	\$ 228,125	\$ 191,828	\$ 454,000	\$ 433,870
Short-term benefits	6,185	6,121	12,370	12,242
Share-based compensation	69,574	265,807	167,117	2,970,026
	<u>\$ 303,884</u>	<u>\$ 463,756</u>	<u>\$ 633,487</u>	<u>\$ 3,416,138</u>
Number of stock options issued	-	-	-	5,821,102
Weighted average exercise price	\$ -	\$ -	\$ -	\$ 0.66

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

As at September 30, 2018, \$46,957 (March 31, 2018 - \$106,895) 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.

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13. Related party transactions (cont'd)

a) Equity transactions

i) During the six months ended September 30, 2018

Pursuant to the private placement that closed on July 31, 2018, a key management personnel and two directors participated directly or indirectly in the placement for total proceeds of \$1,309,920.

A director and a key management personnel exercised 625,000 warrants for total gross proceeds of \$312,500. There were no warrants exercised in the three months ended September 30, 2018.

ii) During the year ended March 31, 2018

Two directors and two key management personnel exercised 460,973 warrants for total gross proceeds of \$103,777 and one director and one key management personnel exercised 406,250 stock options for total gross proceeds of \$268,125.

14. Financing fees

	Three months ended September 30		Six months ended September 30	
	2018	2017	2018	2017
Amortization of financing costs on due to related company	\$ -	\$ 2,357	\$ 138,520	\$ 4,714
Amortization of financing costs on long-term debt	28,333	-	47,221	-
Amortization of financing costs on convertible debenture	-	2,393	-	10,170
Accretion of convertible debenture	-	1,703	-	1,703
Adjustment of convertible debenture to fair value	-	(43,868)	-	(43,868)
Interest on convertible debenture	-	14,466	-	64,692
Interest on loan due to related company	-	15,048	5,655	30,048
Interest on long-term debt	126,148	12,775	212,918	21,001
Interest on repayable gov't contributions	-	-	-	7,998
Interest on lease obligations	2,929	445	6,239	985
Payout penalty on due to related company	-	-	16,414	-
Accretion of royalty financial liability	-	142,453	-	281,816
Other	585	-	(29,769)	-
	\$ 157,995	\$ 147,772	\$ 397,198	\$ 379,259

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15. Financial instruments

The carrying amounts present in the balance sheet relate to the following categories of assets and liabilities:

	September 30, 2018	March 31, 2018
Financial assets		
Cash	\$ 43,078,777	\$ 21,855,304
Accounts receivable	362,904	244,438
Deposits	73,388	71,174
	\$ 43,515,069	\$ 22,170,916
Financial liabilities		
Accounts payable and accrued liabilities	\$ 2,633,826	\$ 1,669,206
Advances from related company	-	31,287
Loans and borrowings	6,731,141	2,352,342
	\$ 9,364,967	\$ 4,052,835

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 of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments.

The Company's contractual liabilities and obligations are as follows:

	<1 year	1 to 3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	\$ 2,633,826	\$ -	\$ -	\$ -	\$ 2,633,826
Long-term debt	708,200	6,302,794	245,720	413,565	7,670,279
Lease obligation	107,585	136,936	-	-	244,521
Balance September 30, 2018	\$ 3,449,611	\$ 6,439,730	\$ 245,720	\$ 413,565	\$ 10,548,626
Accounts payable and accrued liabilities	\$ 1,669,206	\$ -	\$ -	\$ -	\$ 1,669,206
Long-term debt	220,950	479,400	317,195	438,737	1,456,282
Lease obligation	110,784	189,633	-	-	300,417
Due to related company	108,488	207,967	195,955	1,087,006	1,599,416
Balance March 31, 2018	\$ 2,109,428	\$ 877,000	\$ 513,150	\$ 1,525,743	\$ 5,025,321

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

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 on its variable rate long-term debt.

For the period ended September 30, 2018, 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 \$62,246 (2017 - \$7,680).

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16. Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	March 31, 2018	Cash flows (1)	Non-cash changes			September 30, 2018
			Acquisition	Debt Conversion	Fair value changes and accretion	
Long-term debt	\$ 1,256,350	\$ 5,192,284	\$ -	\$ -	\$ -	\$ 6,495,855
Finance lease obligations	287,316	(52,030)	-	-	-	235,286
Debt related to the purchase of assets	-	(2,218,614)	2,218,614	-	-	-
Debt related to the acquisition of 1631807 AB Ltd. assets	-	(1,388,691)	1,388,691	-	-	-
Due to related company (4)	808,676	(996,471)	49,275	-	-	138,520
	\$ 2,352,342	\$ 536,478	\$ 3,656,580	\$ -	\$ -	\$ 185,741
						\$ 6,731,141

	March 31, 2017	Cash flows (1)	Non-cash changes			March 31, 2018
			Acquisition	Debt Conversion	Fair value changes and accretion	
Convertible debenture (2)	\$ 1,941,631	\$ 1,960,000	\$ (1,960,000)	\$ (1,909,636)	\$ (42,165)	\$ -
Repayable government contributions (3)	878,300	-	5,193	(883,493)	-	-
Royalty financial liability	5,212,726	(41,085)	-	(5,453,457)	281,816	-
Long-term debt	612,057	(239,200)	-	883,493	-	1,256,350
Finance lease obligations	17,180	(22,574)	292,710	-	-	287,316
Due to related company	849,437	(50,190)	-	-	-	808,676
	\$ 9,511,331	\$ 1,606,951	\$ (1,662,097)	\$ (7,363,093)	\$ 239,651	\$ 19,599
						\$ 2,352,342

- Notes:
- (1) Cash flows includes cash received from acquisitions and cash paid related to financing costs and repayments.
 - (2) The convertible debenture acquisition was \$2,000,000, net of financing costs of \$40,000 and is disclosed as restricted cash on the Balance Sheet as at March 31, 2017. On July 28, 2017, the debenture was converted to units of the Company with the cash becoming unrestricted.
 - (3) Arrears interest of \$5,193 was added to the repayable government contributions owing.
 - (4) A non-cash adjustment to deferred financing costs of \$49,275 was recorded on extinguishment of the related company loan.

17. Post-reporting date events

Stock options and warrants exercised

Subsequent to September 30, 2018, the Company issued 4,312,810 common shares related to warrant exercises for total proceeds of \$1,597,611 at a weighted average exercise price of \$0.37. The Company also issued 3,340 common shares related to stock option exercises for total proceeds of \$2,004 at a weighted average exercise price of \$0.60.

Shares issued for services

On October 10, 2018, the Company issued 48,544 common shares in exchange for consulting services of \$58,253. The services were incurred during the three months ended September 30, 2018 and the shares issued based on the closing market price of the Company's common shares on September 28, 2018 of \$1.20 (Note 10).

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17. Post-reporting date events (cont'd)

Shares issued for debt

On October 29, 2018, Radiant announced a proposed share-for-debt transaction in which the Company would issue up to 35,236 common shares at a price of \$0.93 per share to an arm's length third party creditor, in settlement of an aggregate USD \$25,000. The transaction was approved by the TSX Venture Exchange on November 7, 2018 with the shares issued on November 8, 2018.

18. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation used in the current period.