



Radiant Technologies Inc.

Interim Condensed Consolidated Financial Statements

Three and Nine Months Ended December 31, 2019 and 2018
(Unaudited)

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Radiant Technologies Inc.

Interim Condensed Consolidated Balance Sheets

(Unaudited) December 31, March 31,
As at **2019** **2019**

Assets

Current assets

Cash	\$ 552,733	\$ 31,752,852
Restricted cash (Note 4)	199,995	-
Accounts receivable	2,360,713	199,136
Prepays and deposits (Note 7)	2,015,614	1,472,203
Inventories (Note 5)	22,196,953	410,848
	27,326,008	33,835,039

Non-current assets

Long-term prepaids and deposits (Note 8)	1,754,293	1,005,443
Lease assets (Note 6)	1,247,267	-
Plant and equipment (Note 7)	44,811,848	25,338,859
Intangible assets (Note 8)	904,868	846,932
	48,718,276	27,191,234

Total assets	\$ 76,044,284	\$ 61,026,273
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Liabilities

Current liabilities

Accounts payable and accrued liabilities	\$ 17,481,545	\$ 3,126,254
Facility construction liabilities	9,690,341	396,574
Contract liabilities (Note 12)	1,800,000	-
Current portion of long-term debt (Note 10)	320,267	69,324
Current portion of lease liabilities (Note 11)	369,116	98,640
	29,661,269	3,690,792

Non-current liabilities

Long-term debt (Note 10)	9,282,151	6,393,796
Lease liabilities (Note 11)	668,075	89,188
Other long-term liabilities	-	10,098
	9,950,226	6,493,082

Shareholders' equity	36,432,789	50,842,399
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Total liabilities and shareholders' equity	\$ 76,044,284	\$ 61,026,273
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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 Ferlano"

Radiant Technologies Inc.

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

(Unaudited)

For the periods ended December 31	Three months		Nine months	
	2019	2018	2019	2018
Revenues				
Manufactured products	\$ 11,205,961	\$ -	\$ 12,254,731	\$ -
Manufacturing services	-	-	250,607	214,060
	11,205,961	-	12,505,338	214,060
Cost of sales				
Manufactured products	9,725,332	-	10,703,647	-
Manufacturing services	-	-	185,739	131,249
	9,725,332	-	10,889,386	131,249
	1,480,629	-	1,615,952	82,811
Expenses				
General and administrative	2,206,531	1,377,003	6,854,963	3,308,317
Production plant	869,336	1,037,077	2,676,677	2,158,570
Process development	731,978	557,073	1,971,972	1,355,348
Engineering	589,947	454,787	1,660,460	665,304
Depreciation and amortization	569,127	282,502	1,598,284	782,046
Quality control and assurance	408,807	229,304	1,130,731	594,962
Corporate development	232,109	502,357	740,309	1,113,737
Business development	208,002	379,602	496,065	1,001,490
Financing fees (Note 15)	174,788	160,324	889,263	558,113
Research and development	223,531	32,041	409,747	190,285
	6,214,156	5,012,070	18,428,471	11,728,172
Loss before other income (expenses)	(4,733,527)	(5,012,070)	(16,812,519)	(11,645,361)
Other income (expenses)				
Share-based payments (Note 14)	(706,265)	(8,265,303)	(2,166,506)	(9,086,640)
Interest and other income	3,179	162,768	226,567	315,165
Foreign exchange gain (loss)	(3,465)	24,979	68,960	(2,447)
Rental income	1,743	6,858	12,156	19,147
Allocation of related company loss	-	-	-	(45,032)
	(704,808)	(8,070,698)	(1,858,823)	(8,799,807)
Net loss and comprehensive loss	\$ (5,438,335)	\$ (13,082,768)	\$ (18,671,342)	\$ (20,445,168)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.05)	\$ (0.07)	\$ (0.08)
Weighted average number of common shares outstanding				
Basic and diluted	272,983,882	264,386,453	271,436,920	258,357,933

See accompanying notes to the consolidated financial statements

Radiant Technologies Inc.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited)

For the nine months ended December 31

2019

2018

Operating Activities

Net loss	\$ (18,671,342)	\$ (20,445,168)
Adjustments for:		
Share-based payments	2,166,506	9,086,640
Depreciation and amortization	1,598,284	782,046
Loss on extinguishment of debt	440,513	-
Interest expense and pay-out penalties	401,987	342,841
Finance fee amortization	40,117	214,659
Interest income	(207,397)	(315,165)
Accretion of rent liability	(9,088)	(4,518)
Unrealized foreign exchange on lease liability	(7,962)	-
Gain on termination of lease asset	(656)	-
Allocation of related company loss	-	45,032
Doubtful debts provision	-	2,462
	(14,249,038)	(10,291,171)
Change in non-cash operating working capital (Note 9)	(9,002,327)	836,202
Cash used in operating activities	(23,251,365)	(9,454,969)

Financing Activities

Proceeds from exercise of warrants	979,174	4,127,845
Proceeds from exercise of stock options	101,520	266,519
Share issuance costs	(8,720)	(2,373,519)
Interest and pay-out penalties paid	(536,150)	(396,467)
Repayment of lease liabilities	(207,235)	(75,694)
Repayment of long-term debt	(5,688,583)	(121,710)
Proceeds from long-term debt	8,697,500	5,500,000
Repayment of debt associated with purchase of assets	-	(2,218,614)
Repayment of debt on purchase of 1631807 AB Ltd. assets	-	(1,388,691)
Repayment of due to related company	-	(996,471)
Financing costs paid on long-term debt	(350,249)	(236,608)
Change in restricted cash	(199,995)	-
Cash provided by financing activities	2,787,262	36,289,349

Investing Activities

Purchase of plant and equipment	(10,172,967)	(10,201,107)
Increase in long-term prepaids and deposits	(704,570)	(786,487)
Purchase of intangible assets	(159,052)	(291,780)
Interest received	200,378	127,317
Proceeds on disposal of plant and equipment	100,195	-
Cash acquired on acquisition of 1631807 AB Ltd.	-	93,396
Cash used in investing activities	(10,736,016)	(11,058,661)

Net decrease in cash	(31,200,119)	15,775,719
Cash, beginning of period	31,752,852	21,855,304
Cash, end of the period	\$ 552,733	\$ 37,631,023

Non-cash transactions (Note 9)

See accompanying notes to the consolidated financial statements

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

As at December 31, 2018	Common Shares	Contributed Surplus	Deficit	Equity
Balance March 31, 2018	\$ 73,281,762	\$ 14,600,466	\$ (62,010,103)	\$ 25,872,125
Share-based payments	-	9,086,640	-	9,086,640
Brokered placement	24,840,000	-	-	24,840,000
Private placement	9,362,759	-	-	9,362,759
Warrant exercises	4,706,637	(578,792)	-	4,127,845
Stock option exercises	484,633	(218,114)	-	266,519
Finders' option exercises	-	-	-	-
Shares issued for asset purchases	3,883,886	-	-	3,883,886
Shares issued for services	212,594	-	-	212,594
Shares issued for debt	32,769	-	-	32,769
Share issuance costs	(2,373,519)	-	-	(2,373,519)
Warrant issuance	(7,139,826)	7,139,826	-	-
Finders' options issued	(1,296,996)	1,296,996	-	-
Net loss	-	-	(20,445,168)	(20,445,168)
Balance December 31, 2018	\$ 105,994,699	\$ 31,327,022	\$ (82,455,271)	\$ 54,866,450

As at December 31, 2019	Common Shares (Note 13)	Contributed Surplus (Note 13)	Deficit	Equity
Balance March 31, 2019	\$ 109,030,850	\$ 31,677,219	\$ (89,865,670)	\$ 50,842,399
Share-based payments	-	2,166,506	-	2,166,506
Warrant exercises	1,163,784	(184,610)	-	979,174
Stock option exercises	188,320	(86,800)	-	101,520
Shares issued for services	924,037	-	-	924,037
Shares issued for debt	99,215	-	-	99,215
Share issuance costs	(8,720)	-	-	(8,720)
Net loss	-	-	(18,671,342)	(18,671,342)
Balance December 31, 2019	\$ 111,397,486	\$ 33,572,315	\$ (108,537,012)	\$ 36,432,789

See accompanying notes to the consolidated financial statements

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Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

December 31, 2019

(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 TSX Venture Exchange (“TSXV”) under the symbol “RTI” and on the OTCQX®Best Market, operated by OTC Markets Group under the ticker symbol “RDDTF”. The address of the Company’s head office is 9426 – 51 Avenue NW, Edmonton, Alberta T6E 5A6 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 March 2, 2020.

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, 2019 except for the effects of applying IFRS 16 *Leases* (“IFRS 16”). Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2019.

b) Basis of consolidation

Subsidiaries

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”), Radiant Technologies Innovations Inc. (“RII”), Radiant Technologies (Switzerland) Inc. (“RTS”), and 1631807 Alberta Ltd. (“163 Alberta”) MAG Innovation GmbH (“MAG”) is a wholly owned subsidiary of RTS.

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.

Joint arrangement

The Company has a 50% interest in Natac Solutions S.L. There is currently no financial activity in the joint operation.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

December 31, 2019
(Unaudited)

2. Basis of presentation (cont'd)

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 parent Company's functional currency, unless otherwise stated.

3. New accounting standard adopted April 1, 2019

IFRS 16 - Leases

Effective April 1, 2019 the Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative information. Comparative information is still reported under IAS 17 *Leases* ("IAS 17") and IFRIC 4 *Determining Whether an Arrangement Contains a Lease* ("IFRIC 4").

For Lessees

IFRS 16 eliminates the classification of leases as either operating or finance leases and requires the recognition of assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. The lease asset will be depreciated over the term of the lease with depreciation expense included in the income statement. The lease liability will result in interest expense being recorded in the income statement.

On initial adoption, the Company has adopted the following practical expedients permitted under the standard:

- Applied the recognition exemption for short-term leases (less than 12 months) and leases for which the underlying asset is of low value. These continue to be recognized as operating expenses on a straight-line basis over the lease term;
- Grandfathered at the date of initial adoption, previous assessments of whether a contract was or contained a lease under IAS 17 and IFRIC 4;
- Excluded initial direct costs from the measurement of the lease asset at the date of initial application;
- Used the Company's previous assessments under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets for onerous contracts*, instead of reassessing the leased assets for impairment on April 1, 2019; and
- The Company elected to measure the lease asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payment that existed at the date of transition.

Leases previously classified as operating leases under IAS 17 with a lease term greater than 12 months are recognized as lease assets and lease liabilities. This increased the amount of total assets by \$687,241 and total liabilities by \$687,241 as at April 1, 2019. There was no impact to the Company's opening retained earnings. This non-cash adjustment has been excluded from the statement of cash flows. On transition to IFRS 16 the weighted average incremental borrowing rate applied to the lease liability recognized under IFRS 16 was 5.41%.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

December 31, 2019

(Unaudited)

3. New accounting standard adopted April 1, 2019 (cont'd)

Lease assets are presented separately from plant and equipment in the interim condensed consolidated statements of financial position. Adjustments on transition to IFRS 16 include equipment transfers from plant and equipment (Note 7) to lease assets. The equipment leases transfer ownership of the related assets to the Company through the exercise of purchase options at the end of the lease terms. When the ownership of the asset is transferred to the Company, the lease assets will be transferred to plant and equipment in their respective class of assets. Leases that transfers ownership to the Company at the end of the term are depreciated from the commencement date to the end of the useful life of the asset. Otherwise, the lease assets are depreciated from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term.

The following is a reconciliation of total operating lease commitments disclosed in Note 12 and finance lease obligations disclosed in Note 10 of the Company's March 31, 2019 annual consolidated financial statements to the lease liabilities recognized at April 1, 2019:

Total operating lease commitments disclosed at March 31, 2019	\$	1,624,628
Leases with remaining lease terms of less than 12 months		(387,795)
Variable lease payments not recognized		(442,826)
Operating lease commitments before discounting		794,007
Discounted using incremental borrowing rate		(106,766)
Total lease liability recognized on transition to IFRS 16	\$	687,241

The application of IFRS 16 requires significant judgments and estimations to be made. Areas that require judgement include identifying whether a contract (or part of a contract) includes a lease, determining whether it is reasonably certain that an extension or termination option will be exercised, determining whether variable payments are in substance fixed, establishing whether there are multiple leases in an arrangement and for certain leases, determining the stand-alone selling price for lease and non-lease components. Other sources of estimation uncertainty in the application of IFRS 16 include estimating the lease term, determining the appropriate discount rate to apply to lease payments and assessing whether a right-of use asset is impaired.

4. Restricted Cash

Restricted cash represents cash to be held in trust with the Company's legal counsel.

5. Inventories

Inventories are composed of the following:

	December 31, 2019	March 31, 2019
Dried cannabis	\$ 17,373,271	\$ -
Supplies and materials	596,698	281,054
Work in progress	1,936,052	-
Spare parts	288,100	120,443
Finished goods	2,002,832	9,351
	\$ 22,196,953	\$ 410,848

Inventories expensed to cost of revenues are \$8,917,575 (2018 - \$nil) for the three months and \$9,835,136 (2018 - \$15,519) for the nine months ended December 31, 2019. Inventories expensed to operating expenses are \$2,653 (2018 - \$nil) for the three months and \$77,938 (2018 - \$nil) for the nine months ended December 31, 2019.

Radiant Technologies Inc.
Notes to the Interim Condensed Consolidated Financial Statements
December 31, 2019
(Unaudited)

6. Lease assets

	Equipment	Buildings and Improvements	Total
Cost			
Balance March 31, 2019	\$ -	\$ -	\$ -
Adjustments on transition to IFRS 16	576,728	687,241	1,263,969
Additions	-	394,601	394,601
Disposals	-	(25,695)	(25,695)
Balance December 31, 2019	\$ 576,728	\$ 1,056,147	\$ 1,632,875
Accumulated depreciation			
Balance March 31, 2019	\$ -	\$ -	\$ -
Adjustments on transition to IFRS 16	151,241	-	151,241
Depreciation	86,509	156,927	243,436
Disposals	-	(9,069)	(9,069)
Balance December 31, 2019	\$ 237,750	\$ 147,858	\$ 385,608
Carrying value			
March 31, 2019	\$ -	\$ -	\$ -
December 31, 2019	\$ 338,978	\$ 908,289	\$ 1,247,267

Included in equipment lease assets is equipment with a carrying value of \$338,978 (March 31, 2019 - \$nil) where the underlying asset title has been provided to the lessor as security on the lease. Total lease liabilities (Note 12) of \$114,126 (March 31, 2019 - \$nil) relate to these assets.

Radiant Technologies Inc.
Notes to the Interim Condensed Consolidated Financial Statements
December 31, 2019
(Unaudited)

7. Plant and equipment

	Equipment	Buildings and improvements	Land and improvements	Assets under construction	Leasehold improvements	Other (1)	Total
Cost							
March 31, 2018	\$ 7,434,593	\$ -	\$ -	\$ 538,922	\$ 5,289,040	\$ 173,265	\$ 13,435,820
Additions	6,840,609	1,993,302	2,307,575	5,783,194	164,770	365,053	17,454,503
Assets acquired in 1631807 AB Ltd.	-	3,150,410	1,262,719	-	-	-	4,413,129
Transfers	(926,582)	8,218,213	267,235	(2,424,397)	(5,162,889)	28,420	-
Disposals	(899,293)	(1,972,021)	-	-	-	(3,260)	(2,874,574)
March 31, 2019	\$ 12,449,327	\$ 11,389,904	\$ 3,837,529	\$ 3,897,719	\$ 290,921	\$ 563,478	\$ 32,428,878
Additions	448,701	77,438	-	20,669,316	-	56,948	21,252,403
Transfers	(18,808)	(32,064)	-	50,872	-	-	-
Lease assets (2)	(576,728)	-	-	-	-	-	(576,728)
Disposals	(109,418)	(121,882)	-	-	-	(2,534)	(233,834)
December 31, 2019	\$ 12,193,074	\$ 11,313,396	\$ 3,837,529	\$ 24,617,907	\$ 290,921	\$ 617,892	\$ 52,870,719
Accumulated depreciation and impairment							
March 31, 2018	\$ 4,847,326	\$ -	\$ -	\$ -	\$ 4,272,955	\$ 43,087	\$ 9,163,368
Depreciation	677,914	254,767	15,343	-	33,459	100,916	1,082,399
Transfers	91,633	4,177,931	-	-	(4,269,564)	-	-
Reversal of Impairment losses	(1,059,852)	(1,149,959)	-	-	-	-	(2,209,811)
Disposals	(899,293)	(43,384)	-	-	-	(3,260)	(945,937)
March 31, 2019	\$ 3,657,728	\$ 3,239,355	\$ 15,343	\$ -	\$ 36,850	\$ 140,743	\$ 7,090,019
Depreciation	796,024	264,508	17,911	-	46,673	128,616	1,253,732
Lease assets (2)	(151,241)	-	-	-	-	-	(151,241)
Disposals	(9,223)	(121,882)	-	-	-	(2,534)	(133,639)
December 31, 2019	\$ 4,293,288	\$ 3,381,981	\$ 33,254	\$ -	\$ 83,523	\$ 266,825	\$ 8,058,871
Carrying value							
March 31, 2019	\$ 8,791,599	\$ 8,150,549	\$ 3,822,186	\$ 3,897,719	\$ 254,071	\$ 422,735	\$ 25,338,859
December 31, 2019	\$ 7,899,786	\$ 7,931,415	\$ 3,804,275	\$ 24,617,907	\$ 207,398	\$ 351,067	\$ 44,811,848

Notes: (1) Other includes computer hardware and office furniture

(2) Adjustment on transition to IFRS 16

Included in prepaids and deposits is \$374,671 (March 31, 2019 - \$330,628) which are advance payments on the purchase of various pieces of equipment related to the Company's capital expansion projects.

Included in the additions of land and improvements are capitalized borrowing costs of \$nil (March 31, 2019 - \$23,847) related to vacant land and \$103,848 (March 31, 2019 - \$51,073) to assets under construction. 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 which for the nine months ended December 31, 2019 was 9.0% (March 31, 2019 - 9.0%).

At March 31, 2019, the Company's finance lease obligations were secured by the lessor's title to the leased assets which have a carrying amount of \$425,487 and are included in equipment. Due to the adoption of IFRS 16, the finance lease obligations are recognized as Lease liabilities (note 12) and the leased assets were subsequently transferred to Lease assets (note 6).

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

December 31, 2019

(Unaudited)

8. Intangible assets

	Patents		Licenses		ERP ⁽¹⁾		Other ⁽²⁾		Total
Cost									
Balance March 31, 2018	\$	100,000	\$	47,044	\$	26,045	\$	-	\$ 173,089
Additions		-		412,949		217,312		177,679	807,940
Balance March 31, 2019	\$	100,000	\$	459,993	\$	243,357	\$	177,679	\$ 981,029
Additions		-		-		5,038		154,014	159,052
Balance December 31, 2019	\$	100,000	\$	459,993	\$	248,395	\$	331,693	\$ 1,140,081
Accumulated amortization									
Balance March 31, 2018	\$	87,273	\$	1,176	\$	-	\$	-	\$ 88,449
Amortization		12,727		15,752		13,302		3,867	45,648
Balance March 31, 2019	\$	100,000	\$	16,928	\$	13,302	\$	3,867	\$ 134,097
Amortization		-		36,264		29,928		34,924	101,116
Balance December 31, 2019	\$	100,000	\$	53,192	\$	43,230	\$	38,791	\$ 235,213
Carrying value									
March 31, 2019	\$	-	\$	443,065	\$	230,055	\$	173,812	\$ 846,932
December 31, 2019	\$	-	\$	406,801	\$	205,165	\$	292,902	\$ 904,868

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

⁽²⁾ Other includes computer software and the Company's website

\$33,521 (March 31, 2019 - \$22,500) of other intangible assets and \$8,966 (March 31, 2019 - \$3,929) of ERP assets are not available for use and therefore amortization has not yet commenced.

Included in long-term prepaids and deposits is \$1,594,959 (March 31, 2019 - \$892,770) related to patent applications that are expected to be recorded to intangible assets as patents are granted.

9. Change in non-cash operating working capital

	December 31, 2019		December 31, 2018	
Accounts receivable	\$	(2,154,558)	\$	101,805
Prepaids and deposits		241,831		(556,217)
Inventory		(12,214,948)		(350,142)
Accounts payable and accruals		3,721,922		1,640,756
Facility construction liabilities		(396,574)		-
Contract liabilities		1,800,000		-
Net change in non-cash operating working capital	\$	(9,002,327)	\$	836,202
Non-cash transactions				
Addition of lease assets	\$	1,081,842	\$	-
Settlement of services payable through issuance of shares		924,037		212,594
Settlement of debt through issuance of shares		99,215		32,769
Assumption of debt on purchase of assets		-		2,218,614
Purchase of assets through issuance of shares		-		2,001,386
Acquisition of 1631807 AB Ltd. through issuance of shares		-		1,882,500

Radiant Technologies Inc.
Notes to the Interim Condensed Consolidated Financial Statements
December 31, 2019
(Unaudited)

10. Long-term debt

	December 31, 2019	March 31, 2019
Loan payable bearing interest at 5.80% with monthly payments of \$9,327 maturing October 1, 2021	\$ 192,581	\$ 266,602
Loan payable bearing interest at 4.55% with monthly payments of \$2,586 maturing March 1, 2023	93,689	113,465
Loan payable bearing interest at Bank of Canada policy interest rate plus 3% with variable payments maturing June 1, 2025	668,648	713,434
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 required and principal maturing on November 1, 2020.	-	5,500,000
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 required and principal maturing on November 1, 2021.	8,647,500	-
Financing costs	-	(130,381)
	9,602,418	6,463,120
Current portion	(320,267)	(69,324)
	\$ 9,282,151	\$ 6,393,796

Interest expense that has not been capitalized as a borrowing cost is presented under financing fees and is \$151,263 (2018 - \$129,096) for the three months and \$366,216 (2018 - \$342,014) for the nine months ended December 31, 2019.

On May 3, 2018, the Company acquired the remaining 50% interest in 163 Alberta and the adjacent lands from Amnor Group Inc. In conjunction with these transactions, the Company entered into a \$5,500,000 mortgage with Moskowitz Capital Mortgage Fund II ("Moskowitz") Inc. to discharge the previous mortgage loans on these properties.

On August 14, 2019, the Company amended the mortgage with Moskowitz, by increasing the amount borrowed from \$5,500,000 to \$8,500,000 and extending the due date from November 1, 2020 to November 1, 2021. Interest rates remained the same. As the terms of the amendment to the mortgage were substantially different from the terms of the previously existing mortgage, the amendment was determined to be an extinguishment of debt. As a result, a loss on extinguishment of long-term debt totalling \$440,513 was recognized during the nine month period ending December 31, 2019, which consisted of \$90,264 of the remaining unamortized financing fees related to the original debt and fees and costs of \$350,249 related to the amendment.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

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10. Long-term debt (cont'd)

A new loan was recognized at a fair value of \$8,500,000. Monthly interest only payments related to the new loan commenced July 25, 2019 and are required until the loan is due in full on November 1, 2021. Remaining amendment fees of \$197,500 were added to the loan balance outstanding. Monthly amendment fee payments of \$10,000 commenced August 1, 2019 and are required until February 1, 2021. A final payment of \$7,500 is due on March 1, 2021.

The mortgage is secured by the Company's production facility and the adjacent lands.

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

11. Lease liabilities

	December 31, 2019		March 31, 2019
Current	\$ 369,116	\$	98,640
Non-current	668,075		89,188
	<u>\$ 1,037,191</u>	<u>\$</u>	<u>187,828</u>

Lease liabilities relate to leases for office and warehouse space with lease terms between 1 and 5 years and for equipment between 1 and 2 years. In determining the lease term, the Company assesses whether it is reasonably certain it will exercise the lease extension options or not exercise a termination option. Future undiscounted cash outflows for lease liabilities are disclosed as part of total commitments in Note 20.

Excluded from the calculation of the lease liabilities are variable lease payments that do not depend on an index or a rate, which include utilities, common area maintenance costs, property tax, or any additional service payments. Total variable lease payments recognized as an expense are \$24,020 for the three months and \$64,648 for the nine months ended December 31, 2019. Also excluded from leases liabilities are short-term leases where the Company recognized \$263,267 as an expense for the three months and \$815,518 for the nine months ended December 31, 2019.

12. Contract liabilities

Contract liabilities consist of advance consideration received from one customer related to manufactured products. Revenue is recognized upon satisfaction of the performance obligation, the transfer of the goods to the customer.

	December 31, 2019		March 31, 2019
Balance, beginning of period	\$ -	\$	-
New contract additions	3,452,490		-
Recognized during the period	(1,652,490)		-
Balance, end of period	<u>\$ 1,800,000</u>	<u>\$</u>	<u>-</u>

Radiant Technologies Inc.
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13. 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, 2018	224,403,251	\$ 73,281,762
Issuance of shares to acquire 50% interest in related company	1,246,449	1,882,500
Issuance of shares to purchase additional properties	1,553,190	2,001,386
Issuance of shares on placements	28,502,299	34,202,759
Warrant exercises	11,773,693	6,805,474
Stock option exercises	1,081,870	1,366,662
Shares issued for services	169,155	212,594
Shares issued for debt	35,236	32,769
Share issuance costs	-	(2,378,803)
Warrant issuance	-	(7,146,387)
Finders' option exercises	70,000	67,130
Finders' option issuance	-	(1,296,996)
Balance March 31, 2019	268,835,143	\$ 109,030,850
Warrant exercises	3,596,848	1,163,784
Stock option exercises	147,000	188,320
Shares issued for services	1,194,374	924,037
Shares issued for debt	213,364	99,215
Share issuance costs	-	(8,720)
Balance December 31, 2019	273,986,729	\$ 111,397,486

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

December 31, 2019

(Unaudited)

13. Share capital (cont'd)

b) Placements

Shares issued for asset purchases

During the year ended March 31, 2019, 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 163 Alberta.

During the year ended March 31, 2019, the Company also issued 1,553,190 common shares for total consideration of \$2,001,386 on behalf of its wholly owned subsidiary 163 Alberta to purchase additional properties from Amnor Group Inc.

Share issue costs include \$nil for the nine months ended December 31, 2019 (\$20,582 for the year ended March 31, 2019) of costs incurred related to shares issued for asset purchases.

Shares issued for debt

During the nine months ended December 31, 2019, the Company issued 213,364 common shares on December 4, 2019 at a share price of \$0.465 to an arm's length third party creditor, to settle outstanding debt of \$99,215. Share issue costs include \$1,193 of costs incurred related to the issuance of these shares.

During the year ended March 31, 2019, the Company issued 35,236 common shares on November 8, 2018 at a share price of \$0.93 to an arm's length third party creditor, to settle outstanding debt of \$32,769. Share issue costs include \$664 of costs incurred related to the issuance of these shares.

Shares for services

The Company has approved multiple shares for service agreements with third parties in exchange for consulting services. Pursuant to the terms of the agreements the Company may issue common shares in exchange for a maximum amount of services provided. The number of shares to be issued and the issuance price of these shares will vary based on the terms of the agreements. Per the terms of the agreements on December 1, 2018, December 6, 2017, November 28, 2017 and August 28, 2017, 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. Per the terms of the agreement on January 1, 2019, the number of shares will be issued monthly and the issue price of these shares will be the greater of (i) the 15 day VWAP share trading price of the shares on the TSXV on the last financial trading day of the relevant month; (ii) the "Discounted Market Price" (as defined in the policies of the TSXV) on the last financial trading day of the relevant month. The agreements were approved by the TSXV and will be subject to approval for each successive 2-year renewal term.

The Company no longer has services provided under the agreement dated December 1, 2018 and the agreements dated December 6, 2017, November 28, 2017 and August 28, 2017 have expired and have not been renewed.

Radiant Technologies Inc.
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(Unaudited)

13. Share capital (cont'd)

b) Placements (cont'd)

Shares for services (cont'd)

Details of the agreements and the number of shares issued during the nine months ended December 31, 2019 and year ended March 31, 2019 are shown below:

Shares issued for the nine months ended December 31, 2019

Agreement issue date	Dec 1, 2018	Jan 1, 2019	Total
Maximum services amount	\$ 27,000 USD	\$ 585,000 GBP	
Common shares issued	14,000	1,180,374	1,194,374
Value of services (contract currency)	\$ 9,369 USD	\$ 536,250 GBP	
Value of services (CAD)	\$ 13,080 CAD	\$ 910,957 CAD	\$ 924,037 CAD
Weighted average issue price per common share	\$ 0.93 CAD	\$ 0.77 CAD	
Balance included in accounts payable and accrued liabilities			
Contract currency	\$ 2,853 USD	\$ 48,750 GBP	
CAD	\$ 3,767 CAD	\$ 84,255 CAD	\$ 88,022 CAD

Shares issued for the year ended March 31, 2019

Agreement issue date	Aug 28, 2017	Nov 28, 2017	Dec 6, 2017	Total
Maximum services amount	\$ 250,000 USD	\$ 102,000 USD	\$ 96,000 CAD	
Common shares issued	47,264	100,299	21,592	169,155
Value of services (contract currency)	\$ 45,750 USD	\$ 96,050 USD	\$ 27,971 CAD	
Value of services (CAD)	\$ 59,661 CAD	\$ 124,962 CAD	\$ 27,971 CAD	\$ 212,594 CAD
Weighted average issue price per common share	\$ 1.26 CAD	\$ 1.25 CAD	\$ 1.30 CAD	

Share issue costs include \$2,770 for the nine months December 31, 2019 (\$677 for the year ended March 31, 2019) of costs incurred related to shares issued for services and \$1,193 for the nine months December 31, 2019 (\$nil for the year ended March 31, 2019) related to shares issued for debt.

Placements

During the year ended March 31, 2019, 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.

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.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

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(Unaudited)

13. Share capital (cont'd)

b) Placements (cont'd)

Placement closing date	Year ended March 31, 2019		Total
	(1) July 31, 2018	(2) July 31, 2018	
Issue price per unit	\$ 1.20	\$ 1.20	
Common shares issued	20,700,000	7,802,299	28,502,299
Warrants issued	10,350,000	3,901,149	14,251,149
Warrant exercise price	\$ 1.50	\$ 1.50	
Warrant term in months	24 ⁽³⁾	24 ⁽³⁾	
Cash proceeds summary:			
Gross proceeds	\$ 24,840,000	\$ 9,362,759	\$ 34,202,759
Cash issuance costs	(1,846,851)	(492,109)	(2,338,960)
Net cash proceeds on issuance	\$ 22,993,149	\$ 8,870,650	\$ 31,863,799
Fair value of finders' options	(991,737)	(305,259)	(1,296,996)
Total issuance costs	\$ (2,838,588)	\$ (797,368)	\$ (3,635,956)
Fair value on warrant issuance	(5,185,350)	(1,954,476)	(7,139,826)
Net value allocated to common shares	\$ 16,816,062	\$ 6,610,915	\$ 23,426,977
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.

(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.

Radiant Technologies Inc.
Notes to the Interim Condensed Consolidated Financial Statements
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(Unaudited)

13. Share capital (cont'd)

b) Placements (cont'd)

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

Placement closing date	Year ended March 31, 2019	
	⁽¹⁾ July 31, 2018	⁽²⁾ July 31, 2018
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
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.

There were no shares issued under a placement during the nine months ended December 31, 2019.

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

	Nine months ended December 31, 2019		Year ended March 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	1,624,290	\$ 1.20	70,000	\$ 0.45
Finders' options issued	-	-	1,624,290	1.20
Finders' options exercised	-	-	(70,000)	0.45
Outstanding, end of period	1,624,290	\$ 1.20	1,624,290	\$ 1.20

During the year ended March 31, 2019, the exercise of finders' options included the issuance of 70,000 common shares and 35,000 common share purchase warrants. The gross proceeds of these exercises of \$31,500 plus the net value attributed to the common shares on the initial grant of the finders' options of \$35,630 were recognized in common shares.

Radiant Technologies Inc.

Notes to the Interim Condensed Consolidated Financial Statements

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(Unaudited)

13. 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. The fair value for the nine months ended December 31, 2019 of \$nil (March 31, 2019 - \$6,561) 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 December 31, 2019 of 1,624,290 (March 31, 2019 - 1,624,290) would include 1,624,290 (March 31, 2019 - 1,624,290) common shares and 812,145 (March 31, 2019 - 812,145) common share purchase warrants.

There were no finders' options exercised during the nine months ended December 31, 2019.

c) Warrants

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

	Nine months ended December 31, 2019		Year ended March 31, 2019	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	35,275,055	\$ 0.95	33,139,452	\$ 0.54
Warrants issued	-	-	14,286,149	1.50
Warrants exercised	(3,596,848)	0.27	(11,773,693)	0.49
Warrants expired	(4,541,889)	-	(378,853)	0.70
Outstanding, end of period	27,136,318	\$ 0.91	35,275,055	\$ 0.95

During the nine months ended December 31, 2019 and the year ended March 31, 2019, 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 nine months ended December 31, 2019

Warrant exercise price	Number of warrants exercised	Gross proceeds	Fair value of warrants transferred to common shares	Common shares
\$0.25	3,276,998	\$ 819,249	\$ 176,934	\$ 996,183
\$0.50	319,850	159,925	7,676	167,601
	3,596,848	\$ 979,174	\$ 184,610	\$ 1,163,784

Radiant Technologies Inc.

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December 31, 2019

(Unaudited)

13. Share capital (cont'd)

c) Warrants (cont'd)

Warrants exercised for the year ended March 31, 2019

Warrant exercise price	Number of warrants exercised	Gross proceeds	Fair value of warrants transferred to common shares	Common shares
\$0.25	2,842,692	\$ 710,673	\$ 178,629	\$ 889,302
\$0.50	5,913,350	2,956,675	172,010	3,128,685
\$0.70	3,017,651	2,112,356	675,131	2,787,487
	11,773,693	\$ 5,779,704	\$ 1,025,770	\$ 6,805,474

Share issue costs include \$4,756 for the nine months ended December 31, 2019 (\$17,920 for the year ended March 31, 2019) of costs incurred related to warrant exercises.

The following table summarizes information about warrants outstanding at December 31, 2019 and March 31, 2019.

December 31, 2019			March 31, 2019		
Exercise price	Number of warrants	Remaining contractual life (years)	Exercise Price	Number of warrants	Remaining contractual life (years)
0.50	-	-	0.50	319,850	0.1
0.25	-	-	0.25	250,000	0.2
0.25	-	-	0.25	1,132,950	0.5
0.25	-	-	0.25	500,000	0.7
1.71	-	-	1.71	4,541,889	0.7
0.25	-	-	0.25	1,000,000	0.7
0.25	900,000	0.1	0.25	1,175,000	0.9
0.25	1,869,335	0.2	0.25	1,869,335	0.9
0.25	1,070,712	0.3	0.25	1,070,712	1.0
0.25	3,051,310	0.4	0.25	3,051,310	1.2
0.25	5,993,812	0.5	0.25	6,112,860	1.2
1.50	14,251,149	0.6	1.50	14,251,149	1.3
\$ 0.91	27,136,318	0.5	\$ 0.95	35,275,055	1.1

Radiant Technologies Inc.

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13. 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:

	Nine months ended December 31, 2019		Year ended March 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	24,322,150	\$ 1.03	9,993,224	\$ 0.82
Options granted	1,220,000	0.71	15,490,000	1.14
Options exercised	(147,000)	0.69	(1,081,870)	0.68
Options forfeited	(1,400,000)	1.04	(79,204)	1.01
Outstanding, end of period	23,995,150	\$ 1.02	24,322,150	\$ 1.03
Exercisable, end of period	21,266,715	\$ 0.99	19,846,757	\$ 0.95

The following tables summarize information about stock options granted during the nine months ended December 31, 2019 and year ended March 31, 2019. 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 nine months ended December 31, 2019

Original grant date	October 23, 2019	June 5, 2019	Total
Options granted:			
Options granted	750,000	470,000	1,220,000
Exercise price	\$ 0.58	\$ 0.93	
Weighted average grant date fair value	\$ 0.45	\$ 0.74	
Assumptions used:			
Grant date stock price	\$ 0.58	\$ 0.93	
Risk free interest rate	1.50%	2.25%	
Expected dividend yield	-	-	
Estimated common share price volatility	106%	109%	
Estimated life in years	5	5	

Radiant Technologies Inc.
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13. Share capital (cont'd)

d) Stock option plan (cont'd)

Options granted for the year ended March 31, 2019

Original grant date	June 4, 2018	October 1, 2018	November 28, 2018	February 27, 2019	Total
Options granted:					
Options granted	1,475,000	3,900,000	9,090,000	1,025,000	15,490,000
Exercise price	\$ 1.20	\$ 1.82	\$ 0.87	\$ 0.93	
Weighted average grant date fair value	\$ 0.98	\$ 0.96	\$ 0.70	\$ 0.74	
Assumptions used:					
Grant date stock price	\$ 1.20	\$ 1.24	\$ 0.87	\$ 0.93	
Risk free interest rate	1.75%	2.0%	2.0%	2.25%	
Expected dividend yield	-	-	-	-	
Estimated common share price volatility	117%	115%	114%	112%	
Estimated life in years	5	5	5	5	

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 nine months ended December 31, 2019 and the year ended March 31, 2019 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 nine months ended December 31, 2019

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	97,000	\$ 64,020	\$ 53,350	\$ 117,370
June 23, 2014	\$ 0.75	50,000	37,500	33,450	70,950
		147,000	\$ 101,520	\$ 86,800	\$ 188,320

Radiant Technologies Inc.

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(Unaudited)

13. Share capital (cont'd)

d) Stock option plan (cont'd)

Stock options exercised for the year ended March 31, 2019

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	605,517	\$ 399,641	\$ 333,034	\$ 732,675
August 28, 2017	\$ 0.50	93,750	46,875	39,094	85,969
June 23, 2014	\$ 0.75	350,000	262,500	234,150	496,650
May 22, 2014	\$ 1.00	25,715	25,715	17,229	42,944
April 17, 2014	\$ 0.60	3,548	2,129	2,053	4,182
May 17, 2010	\$ 0.60	3,340	2,004	2,238	4,242
		1,081,870	\$ 738,864	\$ 627,798	\$ 1,366,662

The following table summarizes information about stock options outstanding at December 31, 2019 and March 31, 2019:

December 31, 2019			March 31, 2019		
Exercise price	Number of options	Remaining contractual life (years)	Exercise price	Number of options	Remaining contractual life (years)
\$ 1.00	51,428	1.9	\$ 1.00	51,428	2.6
0.66	5,086,519	2.3	0.66	5,433,519	3.0
0.50	550,000	2.7	0.50	550,000	3.4
1.82	1,028,000	2.9	1.82	1,278,000	3.7
1.20	1,275,000	3.4	1.20	1,425,000	4.2
0.60	3,340	3.7	0.60	3,340	4.4
1.82	3,900,000	3.8	1.82	3,900,000	4.5
0.87	8,340,000	3.9	0.87	9,090,000	4.7
0.93	1,025,000	4.2	0.93	1,025,000	4.9
0.60	15,863	4.3	0.60	15,863	5.1
0.93	470,000	4.4	-	-	-
0.75	1,500,000	4.5	0.75	1,550,000	5.2
0.58	750,000	4.8	-	-	-
\$ 1.03	23,995,150	3.5	\$ 1.02	24,322,150	4.2

The total share-based payments recognized during the three and nine months ended December 31, 2019 of \$706,265 (2018 - \$8,265,303) and \$2,166,507 (2018 - \$9,086,640) respectively was recorded as an expense.

Radiant Technologies Inc.
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14. Financing fees

	Three months ended December 31		Nine months ended December 31	
	2019	2018	2019	2018
Loss on extinguishment of long-term debt	\$ -	\$ -	\$ 440,513	\$ -
Interest on long-term debt	151,263	129,096	366,216	324,014
Interest on lease obligations	13,416	1,889	32,326	8,128
Interest on loan due to related company	-	-	-	5,655
Amortization of financing costs on long-term debt	-	28,918	40,117	76,139
Amortization of financing costs on due to related company	-	-	-	138,520
Payout penalty on due to related company	-	-	-	16,414
Other	10,109	421	10,091	(28,757)
	\$ 174,788	\$ 160,324	\$ 889,263	\$ 558,113

15. Employee salaries and benefits

Included in:

Cost of revenues	\$ 223,381	\$ -	\$ 373,517	\$ 87,307
General and administrative	604,100	349,892	1,604,919	744,406
Production plant	320,315	508,232	1,144,589	1,139,139
Process development	446,649	324,938	1,141,924	827,342
Engineering	381,173	147,541	1,074,057	318,925
Quality control and assurance	249,582	122,428	689,862	350,200
Business development	81,828	35,825	187,483	130,568
Research and development	29,837	25,513	98,515	75,513
Total employee salaries and benefits	\$ 2,336,865	\$ 1,514,369	\$ 6,314,866	\$ 3,673,400

16. Segmented reporting

Operating segments are identified based on internal reports that are regularly reviewed by the Company's chief operating decision maker, the Chief Executive Officer. The Company has a single reporting segment which is the extraction, isolation and purification of soluble products from a wide range of materials using microwave technology.

Radiant Technologies Inc.

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(Unaudited)

16. Segmented reporting (cont'd)

a) Information about geographic areas

The Company has non-current assets of \$2,851,641 (March 31, 2019 - \$251,288) located in Europe with all remaining assets in Canada. All of the Company's revenues from external customers are generated in Canada.

b) Information about major customers

During the three and nine months ended December 31, 2019, the Company earned 100% (2018 - 100%) and 89% of its revenue from one customer (2018 - 100%), respectively.

17. 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 December 31		Nine months ended December 31	
	2019	2018	2019	2018
Compensation	\$ 244,425	\$ 230,375	\$ 735,907	\$ 684,375
Short-term benefits	12,133	6,435	36,397	18,805
Share-based compensation	290,880	5,885,834	1,007,390	6,052,951
	\$ 547,438	\$ 6,122,644	\$ 1,779,694	\$ 6,756,131
Number of stock options issued	9,425,000	9,425,000	9,425,000	9,425,000
Weighted average exercise price	\$ 1.26	\$ 1.26	\$ 1.26	\$ 1.26

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

As at December 31, 2019, \$114,294 (March 31, 2019 - \$109,804) 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.

b) Equity transactions

i) During the nine months ended December 31, 2019

A director and a key management personnel exercised 500,000 warrants for total gross proceeds of \$125,000.

Radiant Technologies Inc.

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17. Related party transactions (cont'd)

ii) During the year ended March 31, 2019

A director and a key management personnel exercised 625,000 warrants for total gross proceeds of \$312,500.

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.

c) Services provided

i) During the three and nine months ended December 31, 2019

A property management company owned by a director received \$54,516 for the three months and \$165,979 for the nine months ended for rental lease payments and operating costs associated with the rental of a warehouse by the Company.

ii) During the three and nine months ended December 31, 2018

A property management company owned by a director received \$39,625 for the three and nine months ended for rental lease payments and operating costs associated with the rental of a warehouse by the Company. Further, a construction company owned by a director received \$95,000 for the three and nine months ended for site clearing and preparation services related to the Company's Edmonton capital expansion project.

18. Commitments for expenditures

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

	December 31, 2019	March 31, 2019
Capital expansion projects	\$ 3,223,805	\$ 16,098,096
Leases not yet commenced	1,643,056	130,500
Variable lease payments for lease liabilities	405,980	430,610
Network services contracts	219,757	263,678
Short-term lease commitments for rental space	69,831	387,795
Purchase and retrofitting of equipment	194,719	178,059
Maintenance contracts	34,649	74,190
	<u>\$ 5,791,797</u>	<u>\$ 17,562,928</u>

19. Financial instruments

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

	December 31, 2019	March 31, 2019
Financial assets		
Cash	\$ 552,733	\$ 31,752,852
Restricted cash	199,995	-
Accounts receivable	2,360,713	199,136
Deposits	154,577	82,652
	<u>\$ 3,268,018</u>	<u>\$ 32,034,640</u>

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19. Financial instruments (cont'd)

Financial liabilities			
Accounts payable and accrued liabilities	\$	17,481,545	\$ 3,126,254
Long-term debt		9,602,418	6,463,120
Facility construction liabilities		9,690,341	396,574
Lease liabilities		1,037,191	187,828
	\$	37,811,495	\$ 10,173,776

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	\$ 17,481,545	\$ -	\$ -	\$ -	\$ 17,481,545
Long-term debt	1,126,950	9,510,223	199,709	306,529	11,143,411
Facility construction liabilities	9,690,341	-	-	-	9,690,341
Lease liabilities	411,038	467,820	256,526	-	1,135,384
Balance December 31, 2019	\$ 28,709,874	\$ 9,978,043	\$ 456,235	\$ 306,529	\$ 39,450,681
Accounts payable and accrued liabilities	\$ 3,126,254	\$ -	\$ -	\$ -	\$ 3,126,254
Long-term debt	733,950	6,219,412	222,982	376,939	7,553,283
Facility construction liabilities	396,574	-	-	-	396,574
Lease liabilities	105,394	91,053	-	-	196,447
Balance March 31, 2019	\$ 4,362,172	\$ 6,310,465	\$ 222,982	\$ 376,939	\$ 11,272,558

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

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 December 31, 2019. The analysis is based on financial assets and liabilities denominated in US Dollar ("USD"), Euro ("EUR") and British Pound ("GBP") ("balance sheet exposure").

Radiant Technologies Inc.

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19. Financial instruments (cont'd)

Foreign exchange risk (cont'd)

	USD		EUR		GBP
Cash	\$	172,237	\$	22,402	\$ -
Accounts receivable		-		118,871	-
Prepays and deposits		-		105,020	-
Accounts payable and accrued liabilities		(928,516)		(1,279,077)	(139,961)
Net balance sheet exposure	\$	(756,279)	\$	(1,032,783)	\$ (139,961)
Translation rate at December 31, 2019		1.3206		1.4730	1.7283
Net income impact of a 10% rate change	\$	99,870	\$	152,127	\$ 24,190

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.

20. 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, 2019	Cash flows (1)	Non-cash changes				December 31, 2019
			IFRS 16 adjustments/additions	FX impact on foreign leases	Other (2)	Amortization of financing costs	
Long-term debt	\$ 6,463,120	\$ 2,658,668	\$ -	\$ -	\$ 440,513	\$ 40,117	\$ 9,602,418
Lease liabilities	187,828	(224,517)	1,081,842	(7,962)	-	-	1,037,191
	\$ 6,650,948	\$ 2,434,151	\$ 1,081,842	\$ (7,962)	\$ 440,513	\$ 40,117	\$ 10,639,609

	March 31, 2018	Cash flows (1)	Non-cash changes				March 31, 2019
			Acquisition	Debt Conversion	Fair value changes and accretion	Amortization of financing costs	
Long-term debt	\$ 1,256,350	\$ 5,100,543	\$ -	\$ -	\$ -	\$ 106,227	\$ 6,463,120
Finance lease obligations	287,316	(99,488)	-	-	-	-	187,828
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 (3)	808,676	(996,471)	49,275	-	-	138,520	-
	\$ 2,352,342	\$ 397,279	\$ 3,656,580	\$ -	\$ -	\$ 244,747	\$ 6,650,948

Notes:

- (1) Cash flows includes cash received from acquisitions and cash paid related to financing costs and repayments.
- (2) Loss on extinguishment of long-term debt.
- (3) A non-cash adjustment to deferred financing costs of \$49,275 was recorded on extinguishment of the related company loan.

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21. Post-reporting date events

Warrants exercised

Subsequent to December 31, 2019, the Company issued 2,640,765 common shares related to warrant exercises for total proceeds of \$660,191 at a weighted average exercise price of \$0.25. Of these common shares, 1,644,335 were issued to a director of the Company for proceeds of \$411,084.

Shares issued for debt

Subsequent to December 31, 2019, the Company issued 192,907 common shares at a share price of \$0.41 to an arm's length third party creditor, to settle outstanding debt of USD \$60,000.

Shares for services

Subsequent to December 31, 2019, the Company issued 209,308 common shares in exchange for consulting services rendered in December 2019 of \$83,723. The shares were issued based on the terms of the shares for service agreement at the 15 day VWAP share trading price of \$0.40. Also, the Company issued 236,098 common shares in exchange for consulting services rendered in January 2020 of \$84,996. The shares were issued based on the terms of the shares for service agreement at the 15 day VWAP share trading price of \$0.36.

Loans and advances from related party

In January 2020, the Company entered into a loan agreement with a director of the Company for a flow through loan from a third-party lender for \$2.5 million of short term financing. The loan bears interest at 21.0% and is due on demand.

The Company also received non-interest bearing advances of \$75,000 and \$65,000 from directors of the Company.

Sale-Leaseback and Equipment Financing Agreement

Radiant signed a binding 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 is part of an asset-backed financing which also contemplates an additional equipment financing (the "Equipment Financing") initially announced on November 29, 2019 between Radiant and the Purchaser. The Equipment Financing is expected to cover the equipment contained within the Edmonton I, II, and III facilities.

Up to \$15.4 Million in Debenture Financings

Radiant announced signing non-binding letter of intent for total financing package of up to \$15.4 million through the issuance of up to \$10.4 million of unsecured convertible notes and up to \$5 million of unsecured debentures. The offerings of the Notes and Debentures are subject to the approval of the TSXV and the negotiation, execution and delivery of definitive documentation.

Issuance of stock options

On February 27, 2020, the Company approved to issue 500,000 incentive stock options to directors of the Company in which 100% vest immediately at an exercise price of \$0.365. These options expire on February 27, 2025.