Management Discussion & Analysis

Three and nine months ended December 31, 2018

February 27, 2019

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Management Discussion and Analysis ("MD&A")

The following MD&A is prepared as of February 27, 2019 and is intended to assist the understanding of the results of operations and financial condition of Radient Technologies Inc. (the "Company" or "Radient").

This MD&A should be read in conjunction with Radient's unaudited interim condensed consolidated financial statements and related notes for the three and nine months ended December 31, 2018 and the MD&A and audited consolidated financial statements for the year ended March 31, 2018. The statements and additional information about Radient, including Radient's Annual Information Form for the year ended March 31, 2018, can be found on SEDAR at www.sedar.com. Such additional information is not incorporated by reference herein, unless otherwise specified, and should not be deemed to be part of this MD&A.

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

Forward Looking Statements

The MD&A offers our assessment of Radient's future plans and operations as of February 27, 2019 and contains forward-looking statements. This MD&A should be read in conjunction with the risk factors described in the "Risk Factor" section of Radient's MD&A for the year ended March 31, 2018 and the "Forward Looking Statements" section as described in Radient's Annual Information Form for the year ended March 31, 2018.

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

Certain statements in this MD&A constitute forward-looking statements, based on management's expectations, estimates and projections. All statements that address expectations or projections about the future, including statements about the Company's strategy for growth, research and development, market position, expected expenditures and financial results are forward-looking statements**.** Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company and other results and occurrences may differ from those reflected in the forward–looking statements due to a variety of risks, uncertainties and other factors, including, without limitation: the Company's forward-looking statements, including all "Risk Factors" are based on the beliefs, expectations and opinions of management on the date the statements were made, and the Company does not assume any obligation to update forward-looking statements if circumstances of management's beliefs, expectations or opinions should change. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

Core Business and Strategy

Overview

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

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

The subsidiaries of the Company at December 31, 2018 are:

Name of entity	Ownership
Radient Technologies (Cannabis) Inc. ("RTC")	100%
Radient Technologies Innovations Inc. ("RII")	100%
1631807 Alberta Ltd.	100%

RTC was incorporated on February 20, 2018 and holds certain of the Company's Canadian cannabis related licenses and will hold the Company's Canadian cannabis operations. Effective May 3, 2018, Radient owns 100% of 1631807 Alberta Ltd., which is the owner and landlord of various properties including Radient's Edmonton production facility. Prior to May 3, 2018, Radient owned a 50% interest in 1631807 Alberta Ltd. RII was incorporated on October 12, 2018 and is intended to hold the Company's Canadian generated intellectual property.

Radient manufactures high-value natural ingredients for global customers in the Food and Beverage, Nutraceuticals, Pharmaceuticals and Cosmetics and Personal Care industries. Since the latter part of fiscal 2017, the Company has expanded its offerings to the fast-growing cannabinoids market utilizing an extraction platform to process and extract cannabinoids including cannabidiol ("CBD") and tetrahydrocannabinol ("THC") from cannabis biomass.

Using the Company's proven MAP™ technology, Radient creates these natural ingredients at lower cost, higher quality, and at greater throughput than competing methods. MAP™ is Radient's patented, core technology.

Background

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

More recently, throughout calendar 2016 and 2017, the Company explored opportunities with Aurora Cannabis Inc. ("Aurora") which culminated in a Master Services Agreement ("MSA") finalized on November 6, 2017, pursuant to which the Company has agreed to perform certain services for Aurora using its proprietary MAP™ technology, in relation to supply of standardized cannabis extracts. The agreement has an initial term of five years, with an option for Aurora to renew the agreement for an additional five years. As a part of the partnership, Aurora has invested approximately $14.0M in the Company through a combination of convertible debentures (that converted into equity), private placements and warrant exercises. As of December 31, 2018, Aurora held 37,643,431 common shares and 4,541,889 common share purchase warrants of Radient representing approximately 14.18% of the issued and outstanding common shares and 12.77% of the issued and outstanding common shares on a fully-diluted basis. The MSA includes an Investor Rights Agreement that provides Aurora with certain rights to participate in future offerings, providing Aurora with the option to expand its ownership in the Company up to 19.99%. Also, in accordance with the Investor Rights Agreement, Terry Booth, Founder and CEO of Aurora, was appointed to the board of directors of Radient.

The Aurora MSA was the precursor of the Company's foray into the cannabis space where the Company then began focusing on establishing appropriate production facilities, required licenses and human capital to deliver on the MSA. In the latter half of fiscal 2018, the Company secured two additional MSAs to provide similar services to that outlined in the Aurora MSA. These MSAs will provide the underpinnings of future revenue streams for the Company in this target industry.

On February 22, 2018, the Company was named to the 2018 TSXV 50 list of companies. The Venture 50 are the top ten companies listed on the TSXV in each of five major industry sectors – mining, energy & energy services, clean technology & life sciences, diversified industries and technology – based on a ranking formula with equal weighting given to return on investment, market cap growth, trading volume and analyst coverage. All data was as of December 31, 2017. Radient was ranked #1 of the 10 companies to have qualified within the diversified industries sector.

Fiscal 2019

On May 3, 2018, the Company completed the acquisition of a 100% interest in 1631807 Alberta Ltd. (the "JV Company") from the Amnor Group Inc. (previously 1396730 Alberta Ltd.). Amnor Group Inc. is controlled by Harry Kaura, a director of the Company. The JV Company owns the land and building that contains the 23,000 square feet manufacturing facility in Edmonton, Canada operated by Radient. Immediately subsequent to the acquisition of the remaining 50% shares of 1631807 Alberta Ltd., 1631807 Alberta Ltd., completed a real estate transaction with Amnor Group Inc. to purchase two parcels of land, including an existing warehouse and office building (the "Adjacent Lands") adjacent to Radient's production facility. In January of 2019, these buildings were demolished, and the Company commenced construction of Edmonton III, its planned 100,000 square foot manufacturing facility anticipated to be operational in the second half of calendar 2020. The strategic purchase of these properties provides the Company with controlled access to its production facility as well as necessary expansion capacity.

On July 5, 2018, the Company entered into a bought deal offering with Canaccord Genuity Corp. (the Lead Underwriter), GMP Securities L.P. and Laurentian Bank Securities Inc. On July 31, 2018, the Company closed the bought deal offering and issued 20,700,000 units of the Company at $1.20 per unit for total gross proceeds of $24,840,000. Concurrently with the bought deal offering, the Company arranged a non-brokered private placement, on the same terms and conditions as the bought deal offering, with strategic investors. On July 31, 2018, the Company closed the private placement and issued 7,802,299 units at $1.20 per unit for gross proceeds of $9,362,759. The net proceeds of the offerings will be used for the addition of cannabis processing capacity in Edmonton, to upgrade the main Edmonton manufacturing facility hemp extraction line, site identification and permitting activities for a cannabis processing facility in Europe, general corporate and working capital purposes.

The Technology

Radient's MAP™ technology is based on the use of microwave energy to enhance the extraction of valuable natural compounds from renewable biomass. Microwaves do not heat by conventional processes of convection, conduction and radiation phenomena through external surfaces, but rather by direct interactions of the material with the electromagnetic field via dielectric loss. The dielectric properties of the material (dielectric constant and loss factor) determine how much of the microwave energy is absorbed and dissipated as heat. Because the dielectric properties of different parts of a mixture are different, it is possible to deposit the energy selectively, and so cause selective, controlled heating. For extraction, this can result in a rapid buildup of pressure within biomass cells leading to a pressure-driven enhanced mass transfer of target compounds out of the source material. This mechanism for extraction is unique to MAP™ and results in very fast extraction rates and high extraction yield. In addition, because the microwave energy is selectively deposited in the target biomass and less so in the surrounding solvent, the mixture stays cool, leading to energy efficiency and reduced heat degradation of sensitive products.

Further, the instant volumetric heating of the continuously-flowing material possible with MAP™ enables precise control of temperature and extraction time, both of which typically affect purity and extract profile. This careful control of extraction parameters is something that is nearly impossible to achieve at large scale with different techniques. In addition, this volumetric heating ensures that any possible effects associated with excessive heating can be minimized and that all the material is extracted for the same time at the same temperature. Compared to conventional solid-liquid extraction methods, MAP™ offers some combination of increased extraction efficiency, improved extract purity, unique extract profiles, increased processing speed and reduced solvent and energy usage.

Intellectual Property

In addition to the Company's existing portfolio of patents, licenses and trademarks, the Company has undertaken several initiatives throughout fiscal 2019 to enhance its strategic intellectual property assets.

During 2018 and 2019 to date, the Company has filed 60 provisional patent applications with the United States Patent and Trademark Office ("USPTO"). The inventions covered in these patent applications relate to:

1) methods for obtaining nicotine-depleted tobacco without materially altering certain desirable properties of the tobacco,

2) methods, systems and apparatus for improving the efficiency, purity, quality, and yield of biomass extraction, especially biomass related to cannabis, and compositions relating to the same,

3) methods and systems for improving the efficiency, accuracy, and security of supply chain tracking for extractable biomass, especially cannabis biomass,

4) methods and systems for improving the safety, potency, flavour, and experience of cannabinoid extracts used in the manufacturing of food and beverage products,

5) methods and systems for cannabinoid consumption products and devices.

The provisional applications were first filed with the USPTO to create a priority date and allow for future filings in other selected jurisdictions, as appropriate, including Canada. Provisional applications do not require formal claims and must be replaced with a full utility patent application within 12 months of filing to benefit from the priority date.

Corporate Focus

Since its inception, Radient has completed numerous feasibility and scale studies and has proven the effectiveness of MAP™ for a broad range of biomass inputs, including plants (seeds, leaves, stems, roots) and single-cell biomasses (algae, fungi) using widely varying solvent systems and for all commercially-relevant classes of natural products, including lipids, glycosides, alkaloids, phenolics, terpenes and proteins.

Scalability has been demonstrated by continuous processing at the Edmonton production facility, which has provided final validation for operating MAP™ at a scale appropriate to capture immediate value for partners. Further, the Edmonton production facility was originally designed to handle up to 5 tonnes per day of input biomass. The facility's current operating capacity is between 1 and 2.5 tonnes per day depending on the type of biomass with the ability to increase operating capacity up to design capacity should business activity warrant.

Radient's current corporate focus can be classified into three main areas – Cannabinoids Extraction, Health and Wellness and Nicotine Reduction Activities.

Cannabinoids Extraction

In November 2016, the Company announced its intention to develop a line of business to address the fast-growing cannabinoids market.

The Canadian medical cannabis industry has shown significant growth. Health Canada reports that amounts sold to clients of dried cannabis products increased 12.7% from 22.8 tonnes for Oct 1, 2016 to September 30, 2017 to 25.7 tonnes from Oct 1, 2017 to September 30, 2018. Further, the amounts sold to clients of cannabis oil have increased 90.7% from 23.6 tonnes to 45.0 tonnes for the same period. Health Canada also reports that the total number of client registrations at the end of the month have increased 45.2% from approximately 235,621 at September 30, 2017 to approximately 342,103 as at September 30, 2018. This data has been derived from the following link:

https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/licensed-producers/market-data.html

Radient's MAP™ technology is well positioned to meet the needs of this growing cannabinoids extraction industry. Current methods of extraction using supercritical CO_2 will be constrained by scale limitations of equipment. Radient possesses extraction technology at its Edmonton plant and has proven this technology, on a number of different biomasses. The Company believes that its know-how and proprietary equipment can be used successfully in the extraction of cannabinoids. Radient anticipates using its MAP™ technology to extract cannabinoids with higher efficiency and at a high purity level from both marijuana and hemp whilst meeting the strict quality assurance standards of the industry amidst current regulatory environment changes.

Compared to conventional extraction technologies, not only does Radient believe it is capable of extracting cannabinoids with a higher efficiency, the Company foresees developing standardized extracts with specific concentrations of cannabinoids which is of particular interest to the therapeutic industry. Further, Radient's industrial-scale GMP extraction facility is an important resource to the industry, providing capacity to meet anticipated growing demand. In addition to large-scale capacity, Radient's MAP™ technology, based on the Company's past extraction activities, typically allows for:

- precise control of temperature;
- control of extraction time of continuously flowing material; and
- retained terpene profiles.

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

Through the Company's relationship with Aurora, in January 2017, a technical assessment of Radient's extraction capabilities, via a third-party independent laboratory, was performed yielding the following results:

- MAP™ has the potential to deliver high quality and broad extraction profiles, while reducing extraction times from several hours to minutes;
- While conventional processes allowed for extraction efficiencies of approximately 80%, MAP™ has the potential for efficiencies in excess of 95%;
- High throughputs of up to 1,500 kg/day are potentially possible; and
- Extraction profiles indicated near full retention of cannabinoid and terpene profiles unlike other technologies.

The encouraging results of the technical assessment ultimately yielded the MSA that the Company finalized with Aurora later in calendar 2017.

The Company intends to deliver on this corporate area of focus through the following production facilities:

Edmonton I

The Company expanded its existing manufacturing facility in Edmonton to incorporate a dedicated cannabis production line. This facility, which received its Standard Processing License from Health Canada in February 2019 is expected to handle in excess of 200kgs of input biomass on a daily basis. The dedicated line will allow Radient to engage in commercial production activities contemplated by its MSAs.

Edmonton II

The Company's main facility is currently being retrofitted to accommodate cannabinoid (most notably cannabidiol) extraction from industrial hemp. The Company expects to be able to process between 1,000 and 1,500 kgs per day of input biomass after the project is complete, which is expected before the end of calendar 2019.

Edmonton III

As announced on November 5, 2018, the Company is building a new manufacturing facility to add over 100,000 square feet dedicated to cannabinoid extraction and product development. Construction has begun on the land adjacent to the Company's existing facilities – Edmonton I and Edmonton II. Edmonton III, expected to be complete in the second half of calendar 2020, will allow Radient additional extraction capacity and cannabinoid ingredient development capability.

Germany

Also announced on November 5, 2018, the Company plans to construct a large-scale cannabis processing facility in Germany. This facility, which will be a build to suit leased facility, will be comparable in capacity to the Edmonton III facility currently being built in Canada. Designs for the European facility are focused in the near-term on the consistent, industrial-scale delivery of CBD derivatives and formulations, manufactured in the EU GMP environment. In July 2018, the European cannabis market was estimated by strategic consultancy firm, Prohibition Partners, to be worth €115.7 billion by 2028.

Health and Wellness

Radient's history is rooted in health and wellness commercial processing activities. This is an area of corporate focus which the Company continues to pursue. The Company aims to manufacture high-value natural ingredients for global customers in the Food and Beverage, Nutraceuticals, Pharmaceuticals and Cosmetics and Personal Care industries. Radient uniquely combines its patented MAP™ technology with considerable know-how and expertise in downstream purification and isolation of natural products. Previously, these activities have been undertaken in the Edmonton manufacturing facility. In conjunction with the Company's application for its Standard Processors License, it was determined that production of cannabis and non-cannabis products should not occur in the same facility.

Further, Europe is a significant consumer of plant extracts in food and beverages, nutraceuticals, and cosmetic and personal care products; the Company believes that there are significant opportunities related to this market. To further these opportunities, Radient has entered into new business arrangements to more effectively access the European market and to facilitate the transition and execution of its current health and wellness business activities, minimizing any potential disruption for existing customers. The Company plans to deliver on its health and wellness activities through the following business arrangements:

Natac Solutions

Radient has entered into a joint arrangement with Grupo Natac S.L. ("Natac") which will operate as Natac Solutions. Natac is an expert in natural extracts from Mediterranean plants with a strong presence in the EU. They are focused on plant-based ingredients used as dietary supplements in the food industry, as well as ingredients for the nutraceutical and pharmaceutical industries. Natac Solutions which will be based in Madrid, Spain. The relationship will leverage Radient's disruptive extraction and downstream technologies and Natac's expertise with clinically validated natural ingredients. Natac's development and production assets will be used by Natac Solutions – and potentially Radient – to develop and manufacture health and wellness products. Radient has installed development scale MAP™ equipment in Natac's development facility and will be installing production scale MAP™ equipment in Natac's manufacturing facility currently under construction in Spain that will be used by Natac Solutions. The specific terms of the arrangement are currently being finalized.

Radient is working with Natac to identify which of Radient's health and wellness products will migrate to Natac Solutions. Preferences are on the existing manufacturing and development clients while balancing the capacity and capability constraints of Natac. Projects not migrated will be pursued via the Processium arrangement or other potential locations if necessary. Additionally, Natac Solutions will have access to all of Natac's plant extracts including their Full Plant Profile product line. The Full Plant Profile extracts combine the key phytochemicals from a single plant in the exact ratio as found in nature. This provides synergistic effects for all phytochemicals substantially improving their overall effectiveness. Natac Solutions will also develop branded innovative plant-based solutions which will be clinically validated and address unmet industry needs.

Processium

In November 2018, Radient entered into a Facilities Access and Technical Services Agreement ("Agreement") with Processium based in Villeurbanne, France. Processium is a company specializing in process and product design mainly for the chemical, pharmaceutical, and biotech industries. The fixed fee Agreement is for an initial 12-month term and may be terminated at any time by Radient giving 60 days notice. The agreement gives Radient access to laboratory facilities, equipment, expertise in separation and purification processes, and technical and operational support within the Villeurbanne laboratory and pilot plant operations. The Company will also acquire and hold certain of its proprietary equipment at this facility. This agreement provides the Company with a European-based centre for conducting further development and demonstrations of its core MAP™ technology and discovery research on related technologies.

Nicotine Reduction Activities

On July 28, 2017, the FDA announced a new comprehensive plan that places nicotine, and the issue of addiction, at the center of the agency's tobacco regulation efforts. Further on March 16, 2018, the FDA issued an Advanced Notice of Proposed Rulemaking ("ANPRM") to explore a product standard to set the maximum nicotine level for cigarettes, so that cigarette products are minimally addictive or non-addictive.

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

Radient's patent application discloses the ability of Radient's proprietary MAP™ technology to achieve nicotine depletions of over 95% across multiple cured tobacco types, leaving the reduced nicotine tobacco intact and fit for processing into cigarettes and other combustible tobacco products. The regulation and Radient's patent positions the Company to address an untapped space of minimally addictive or non-addictive cigarettes. Additionally, the patent application also includes methods of recovering and purifying the nicotine as a co-product. Nicotine has commercial value for inclusion in smoking cessation products and in e-liquids for use in e-cigarettes and vaping products. Management believes these purification techniques will allow for a much cheaper alternative over expensive and time-consuming approaches of changing tobacco farming and blending practices or resorting to genetically modified crops.

The Company believes that the successful nicotine reduction research also demonstrates the versatility of Radient's technology and its applicability to a variety of extraction scenarios. The Company has developed and is executing on a marketing strategy that targets tobacco companies, the FDA, advocacy groups and equipment manufacturers to ensure acceptance of the Company's technology in the industry as a viable industrial nicotine reduction technology.

Cannabis Regulatory Considerations

Canadian Requirements

Licenses

Under the Cannabis Act of October 17, 2018, new classifications of licences are required to reflect the activities undertaken by the Company. The Dealers Licence for the Company's Roper Road location (granted March 22, 2018) was transitioned under the new regulations for Research and Analytical Testing Licences (granted February 8, 2019). The Dealers Licence (granted October 10, 2018) for the plant was transitioned under the new regulations to an Analytical Testing Licence (with the transitional licence still pending). A Research licence authorizes the holder, for the purposes of research, to possess, produce and transport cannabis. The Analytical Testing licence authorizes the holder to possess cannabis and alter the chemical or physical properties of cannabis for the purposes of testing. The Standard Processors licence for the Plant (granted February 1, 2019), in addition to allowing for the possession, production and selling of cannabis extracts (as per section 17(5) of the Cannabis Regulations), will also allow for research related to the same format of material (i.e. oil production related activities).

Canadian Securities Regulation Regarding U.S. Cannabis Activities

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

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

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

At present, Radient is not conducting any U.S. marijuana-related activities. As a result, the Company is in full compliance with the Canadian regulatory requirements.

European Union ("EU") Requirements

Manufacturers, importers and distributors of medicines in the EU must be licensed before they can carry out those activities. Manufacturers listed in the application of a medicine to be marketed in the EU are inspected by an EU competent authority. If the medicinal product is imported from a third country, the application should also include information on GMP inspections of the manufacturing site(s) concerned carried out in the last 2-3 years by European Economic Area (EEA) competent authorities and/or by competent authorities of countries where a Mutual Recognition Agreement (MRA) is in operation. Obtaining a favorable GMP compliance inspection result from an EU competent authority against the European Union GMP requirements will allow product manufactured at Radient to be imported into Europe. Radient is currently working with a consultant in Germany to provide guidance for the EU GMP compliance process.

Recent Developments

Significant activities undertaken by the Company since the date of the last MD&A are discussed below.

Licencing

Standard Processors License

Radient was issued a Standard Processing licence on February 1, 2019 by the Security Division of the Cannabis Legalization and Regulation Branch of Health Canada. This licence and conditions allow Radient to:

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

Subsection 17(5) of the Cannabis Regulations allows for a standard processor to sell and distribute cannabis to a holder of licence for processing, analytical testing, research or cannabis drug licence.

With receipt of this license, processing of cannabis biomass to extract cannabinoids including CBD and THC will begin at Radient's Edmonton I manufacturing facility.

OTC Listing

Effective December 19, 2018, the Company's common shares commenced trading on the OTC under the symbol RDDTF. The OTC is a U.S. trading platform for established, investor-focused U.S. and international companies. The Company believes that this platform will increase its visibility and accessibility amongst investors in the U.S. while also building liquidity.

Corporate Structure

As the Company grows and positions itself to effectively deliver on its targeted areas of corporate focus, management has determined that the needs of the Company would be best served by a more detailed, focused corporate structure. Efforts through to the date of this MD&A have resulted in the following new subsidiaries and business arrangements:

Radient Technologies (Switzerland) Inc. (RTS)

Incorporated on February 2, 2019, this subsidiary is 100% owned by Radient Technologies Inc. and will hold all of the Company's European investments. The investments will include operations in Germany along with the Company's interest in Natac Solutions. With the incorporation of RTS, the new legal entity through which Natac Solutions will operate, the joint agreement with Group Natac S.L. can be completed and finalized.

MAG Innovations GmbH (MAG)

Incorporated on February 21, 2019, this subsidiary is 100% owned by RTS. The subsidiary will hold all assets related to the Company's German cannabis related operations.

U.S. 2018 Farm Bill

On December 20, 2018, the 2018 Farm Bill (the "Farm Bill") that had previously been approved by both the U.S. Senate and House of Representatives was signed into law by the U.S. President. The Farm Bill permits hemp production in all states and territories in the U.S. and deems hemp as an "agricultural commodity" and removes products such as hemp-derived cannabidiol ("CBD") from the *Controlled Substances Act* at the federal level. In addition, this opens the potential for federally regulated institutions to conduct commerce legally within the hemp and hemp product industry. The Farm Bill is anticipated to create a market for hemp-derived CBD valued at USD $22 billion by 2022, according to cannabis industry analyst the Brightfield Group. Radient, with its proprietary commercial-scale cannabinoid extraction and product development platform already being deployed in multiple geographies, is well positioned to include the U.S. market in its near-term expansion plans.

Board of Directors

Effective February 4, 2019, the Company appointed Allan Cleiren to the board of directors for Radient. Allan currently serves as a Chief Operating Officer for Aurora Cannabis Inc. (Aurora) and as a director for Hempco Food & Fiber Ltd. He has more than 30 years of leadership experience working with private and public companies on the execution of strategic business operations. He has extensively been involved with Radient over the past couple of years as the Company progressed to become licensed and will be a valuable addition as the Company moves forward with the commercial production of cannabinoid extracts and products, along with the global expansion of its operations.

Concurrently, directors Terry Booth and Jith Veeravalli stepped down from the board of directors effective February 4, 2019. Terry Booth, Founder and CEO of Aurora, has served as a member since late 2017 and has played an instrumental role in the evolution of the Company as it expanded its operations to enter the cannabinoids market. The Company will continue to work with Aurora in the global hemp and cannabis derivative markets. Jith Veeravalli has been a valued member of Radient's board for over four years and has played a key role in supporting the Company through its growth during this time. With his significant experience in health specialty ingredients he has helped shape the growth and future wellness initiatives of the Company. Jith has decided to step down to focus on pursuing other interests.

Expansion Projects

Canadian Expansion

Edmonton I - Plant Expansion (Cannabis Processing Line)

On August 28, 2018, Radient substantially completed the expansion of its 23,000 square foot Manufacturing Facility (the "Facility") located at 4035 101 St. in Edmonton, Alberta. This expansion provides dedicated cannabinoid extraction capacity over and above existing, non-cannabinoid production capacity and includes security and health & safety upgrades. The majority of the production equipment, including the next generation of its proprietary microwave extraction technology, has also been installed and tested.

Since the date of construction completion, the Company has been undertaking process verification and qualification using industrial-scale volumes of cannabis. With the receipt of Radient's Standard Processor license, announced on February 4, 2019, the Company is now in a strong position to execute on its existing MSAs.

The following table provides the original budget as well as planned revisions of the project:

Disclosed	Budget	Revised budget	Reason
June 2017 MD&A	$ 1.5 - 2.0 M	$ -	Original budget
September 2017 MD&A	$ 1.5 - 2.0 M	$ 3.5 - 4.0 M	Additional equipment modifications required
December 2017 MD&A	$ 3.5 - 4.0 M	$ 6.0 - 7.0 M	3000 sq. ft building addition, rather than modifications only
June 2018 MD&A	$ 6.0 - 7.0 M	$ 8.0 M	Accelerated commissioning, shipping, and overtime costs as well as additional equipment purchases
September 2018 MD&A	$ 8.0 M	$ 8.0 M	No revision
December 2018 MD&A	$ 8.0 M	$ 8.0 M	No revision

As at December 31, 2018 the total amount spent on this project is $7.7M. Approximately $3.3M relates to renovation related costs and $4.4M for equipment with remaining costs not expected to exceed the budgeted amount.

Edmonton II - Plant Retrofit (Hemp Processing Line)

Announced July 5, 2018, the Company plans to upgrade its main Edmonton extraction line for dedicated hemp extraction. This upgrade will involve renovations to the existing facility and acquisition of related equipment, including, microwave extraction systems, tankage, and related processing equipment. The project is underway and is expected to be completed before December 31, 2019. The budget of $3.0M disclosed in the Company's Short Form Prospectus has not been revised. As of December 31, 2018, $19K has been spent on deposits for equipment and $220K has been incurred for construction related costs.

Edmonton III – New Plant

The Company's 100,000 square foot new manufacturing facility is underway with funding for this project coming from proceeds from the bought deal equity offering that closed on July 31, 2018 as well as the concurrent private placement. As of the date of this MD&A, the existing buildings have been demolished, site preparation is underway with applicable permitting in progress, construction designs being finalized, and selection of resources including general contractors, consultants, and project managers ongoing

The following table provides the original budget as well as planned revisions for this project:

Disclosed		Budget		Revised budget	Reason
July 2018 Short Form Prospectus	$	14.5 M	$	-	Original budget
September 2018 MD&A	$	14.5 M	$	18.5 M	Addition of specialized equipment
December 2018 MD&A	$	18.5 M	$	24.5 M	Additional site preparation and environmental readiness costs, alterations to the building design and further specialized equipment.

The most recent increase in the budget relates to the inclusion of additional GMP compliant processing areas to allow for further extract refinement up to and including final customer packaging as well as costs associated with the redesign and incorporation of additional laboratory space, suitable for quality assurance purposes. Further specialized equipment anticipated to support new product development both internally and through the use of third-party technologies has also been added. In addition, there have been increased costs associated with preparation of the site and ensuring environmental readiness.

As at December 31, 2018, the total amount spent on this project is approximately $2.8M which includes $0.6M of equipment deposits, $1.5M of equipment and $0.7M of assets under construction.

European Expansion - Cannabinoids Extraction

Germany

Progress on the large-scale cannabis processing facility project in Germany continues. Site selection has been made, with site preparation ongoing and permitting in progress with various German administrative bodies.

The following table provides the original budget as well as planned revisions for this project:

Disclosed		Budget		Revised budget	Reason
July 2018 Short Form Prospectus	$	0.5 M	$	-	Original budget for site identification and permitting
December 31, 2018 MD&A	$	0.5 M	$	0.8 M	Additional regulatory and permitting costs

To December 31, 2018, the company has incurred approximately $0.3M in operating costs and a small amount of capital related to computers and office equipment for the team as they prepare to move into the more detailed planning and construction phases.

European Expansion – Health and Wellness

Processium

Radient's Facilities Access and Technical Services Agreement ("Agreement") with Processium commenced November 2018. The agreement is for an initial 12-month term. The fixed fee Agreement gives Radient access to laboratory facilities, equipment, expertise in separation and purification processes, and technical and operational support within its Villeurbanne laboratory and pilot plant operations. The Company will also acquire and hold certain of its proprietary equipment at this facility. The Company's initial capital budget disclosed in the Q2 MD&A was $0.5M to which there have been no changes. These capital expenditures will be in addition to the monthly fees paid to Processium. To December 31, 2018, approximately $85K of operating expenses and $122K of equipment purchases have been made.

Spain

The Company is currently in the process of finalizing the joint arrangement and specific terms and as a result, estimates of operating expenses and capital expenditures have not been finalized.

Results of Operations

Annual Highlights

	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
Revenues	**$ 455,827**	$ 293,447	$ 626,457
Loss before other income and expenses	**(7,897,461)**	(4,352,900)	(4,035,600)
Loss per share, before other income and expenses (basic and diluted)	**(0.04)**	(0.05)	(0.08)
Net loss and comprehensive loss	**(14,048,317)**	(4,316,270)	(4,366,665)
Net loss per share (basic and diluted)	**(0.07)**	(0.05)	(0.09)
Cash used in operating activities	**(8,291,603)**	(5,062,554)	(1,510,312)
Cash provided by financing activities	**23,320,870**	13,542,851	1,625,394
Cash (used in) provided by investing activities	**(1,681,710)**	(397,566)	308,492
Total assets	**30,012,654**	15,107,628	5,233,606
Working capital [1]	**22,029,885**	6,723,110	(3,982,244)
Total non-current liabilities	**$ 2,124,160**	$ 6,597,174	$ 6,718,530
Weighted average number of common shares outstanding	**188,638,932**	85,862,057	49,327,549

Notes:

1. *Working capital is a non-IFRS term defined as current assets less current liabilities.*

At the end of March 31, 2016, the Company was in a working capital shortfall position. Due to the severe working capital shortage during this period the Company took the measure of idling the plant to preserve working capital. This resulted in minimal staffing, reduced utilities and other related operating costs. The Company was able to secure modest amounts of working capital in August 2016 which allowed a restart of plant operations in September. Additionally, the restart was tied to entering into the first (of a number) of manufacturing contracts with a personal care ingredients client which were delivered in the second half of the 2017 fiscal year.

During the year ended March 31, 2017, the Company completed four private placements that raised gross proceeds of $14.2 million as well as the placement of a convertible debenture with Aurora for gross proceeds of $2.0 million. These additional funds resulted in a working capital surplus at March 31, 2017 of $6,723,110 in comparison to a working capital deficiency of $3,982,244 at March 31, 2016. The working capital surplus was used to fund operations including the restart of the Company's plant in September 2016.

During the year ended March 31, 2018, the Company successfully strengthened its balance sheet through a combination of financings and restructuring of debt. $6.2 million was raised via a private placement with Aurora, $13.5 million through exercises of warrants and $1.7 million from exercise of stock options. The Company settled the royalty financial liability with AVAC Ltd ("AVAC") and the convertible debenture with Aurora through a conversion to shares of the Company. As well, the Company successfully restructured its repayable government contribution with Agriculture and Agri-Food Canada ("AAFC") to a long-term debt repayable over an 8-year term. The additional funds along with the reduced liabilities resulted in a working capital surplus at March 31, 2018 of $22,029,885 in comparison to a surplus of $6,723,110 at March 31, 2017. The fiscal 2018 working capital surplus was partially used to fund the $8 million Edmonton I plant expansion project which was completed on August 28, 2018.

Interim MD&A Quarterly Highlights

Quarter ended	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Revenues	$ -	$ 155,571	$ 58,489	$ 117,304
Loss before other income and expenses	(5,012,070)	(3,445,784)	(3,187,507)	(2,439,546)
Loss per share, before other income and expenses (basic and diluted)	(0.02)	(0.01)	(0.01)	(0.01)
Net loss	(13,082,768)	(3,817,382)	(3,545,018)	(2,768,047)
Net loss per share (basic and diluted)	$ (0.05)	$ (0.01)	$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding	264,386,453	249,529,849	226,860,451	223,367,719
Total assets	$ 64,766,988	$ 67,035,138	$ 37,558,954	$ 30,012,654
Long term liabilities	6,527,370	6,573,331	6,618,306	2,124,160

Quarter ended	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017*
Revenues	$ 138,899	$ 103,702	$ 95,922	$ 145,962
Loss before other income and expenses	(1,957,276)	(1,734,433)	(1,735,427)	(1,295,756)
Loss per share, before other income and expenses (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)
Net loss	(3,541,287)	(2,102,361)	(5,636,622)	(1,212,038)
Net loss per share (basic and diluted)	$ (0.01)	$ (0.01)	$ (0.04)	$ (0.01)
Weighted average number of common shares outstanding	197,549,414	175,147,455	158,923,114	136,107,594
Total assets	$ 30,835,344	$ 14,651,260	$ 16,634,789	$ 15,107,628
Long term liabilities	2,196,646	7,509,318	7,434,920	6,597,174

*Restated: Unaudited interim financial results for the quarters ended September 30, and December 31, 2016 as well as for the quarter ended March 31, 2017 have been restated to reflect adjustments made to the March 31, 2017 audited annual financial statements with respect to the calculation of share-based payments expense.

The impact of this change on the interim condensed consolidated statements of operations and comprehensive loss for each quarterly period is shown below:

Quarter ended	March 31, 2017*	December 31, 2016*	September 30, 2016*	June 30, 2016*
Increase (decrease)				
Share-based payments	$ 111,305	$ (47,042)	$ (35,863)	$ (28,400)
Net loss	111,305	(47,042)	(35,863)	(28,400)
Contributed surplus	(111,305)	47,042	35,863	28,400
Deficit	111,305	(47,042)	(35,863)	(28,400)

Consolidated Statement of Operations and Comprehensive Loss

	Quarter ended December 31		Nine months ended December 31	
(Unaudited)	**2018**	2017	**2018**	2017
Revenues	**$ -**	$ 138,899	**$ 214,060**	$ 338,523
Cost of revenues	**-**	59,384	**131,249**	200,425
	-	79,515	**82,811**	138,098
Expenses				
General and administrative	**1,726,783**	753,317	**3,807,161**	2,229,917
Production plant	**1,174,147**	370,752	**2,420,888**	990,430
Process development	**557,073**	230,290	**1,355,348**	550,460
Corporate development	**502,357**	207,383	**1,113,737**	308,465
Business development	**379,602**	192,109	**1,001,490**	457,085
Depreciation and amortization	**282,502**	129,623	**782,046**	366,132
Quality control and assurance	**229,304**	118,874	**594,962**	249,043
Financing fees	**160,302**	34,443	**557,500**	413,702
Research and development	**-**	-	**95,040**	-
	5,012,070	2,036,791	**11,728,172**	5,565,234
Loss before other income (expenses)	**(5,012,070)**	(1,957,276)	**(11,645,361)**	(5,427,136)
Other income (expenses)				
Interest and other income	**162,768**	12,506	**315,165**	12,738
Rental income	**6,858**	24,996	**19,147**	77,904
Share-based payments	**(8,265,303)**	(1,553,510)	**(9,086,640)**	(5,847,976)
Allocation of related company loss	**-**	(66,610)	**(45,032)**	(59,170)
Foreign exchange gain (loss)	**24,979**	(1,393)	**(2,447)**	(23,284)
Other expenses	**-**	-	**-**	(13,346)
	(8,070,698)	(1,584,011)	**(8,799,807)**	(5,853,134)
Net loss and comprehensive loss	**$ (13,082,768)**	$ (3,541,287)	**$ (20,445,168)**	$ (11,280,270)

Revenues

	Quarter ended December 31		Nine months ended December 31	
	2018	2017	**2018**	2017
Contract manufacturing	**$ -**	$ 134,522	**$ 214,060**	$ 334,146
Technical assessments	**-**	4,377	**-**	4,377
Total revenues	**$ -**	$ 138,899	**$ 214,060**	$ 338,523

In preparation of the Standard Processing license which the Company was expecting during the quarter and did receive on February 1, 2019, contract manufacturing services were not provided to clients as the Company's production facility was being used to conduct analytical testing of cannabis. With the receipt of the license, the Company expects to commence cannabis extraction activities prior to the end its fiscal year.

Cost of Revenues

A further break-down of the cost of revenue expenses are as follows:

	Quarter ended December 31		Nine months ended December 31	
	2018	2017	**2018**	2017
Contract manufacturing				
Salaries and benefits	**$ -**	$ 34,307	**$ 87,307**	$ 90,053
Supplies and materials	**-**	18,367	**37,250**	81,574
Waste removal	**-**	625	**6,435**	15,793
Transportation fees	**-**	2,774	**257**	7,546
Equipment and rentals	**-**	585	**-**	1,910
Product development	**-**	2,726	**-**	3,549
Total cost of revenues	**$ -**	$ 59,384	**$ 131,249**	$ 200,425

Total cost of revenue decreased by $59,384 and $69,176 for the quarter and nine months ended December 31, 2018 respectively, which directly relates to the decrease in revenue for the same period.

General and Administrative

A further break-down of the general and administrative expenses are as follows:

	Quarter ended December 31		Nine months ended December 31	
	2018	2017	**2018**	2017
Salaries and benefits	**$ 402,598**	$ 197,170	**$ 913,909**	$ 501,585
Salaries and benefits capitalized	**(1,679)**	-	**(18,476)**	-
Consulting fees	**343,138**	184,245	**896,272**	590,338
Travel	**232,232**	139,885	**548,243**	280,872
Rent and utilities	**214,233**	45,519	**361,142**	120,755
Professional fees	**127,214**	66,878	**289,451**	192,284
Public company compliance	**172,102**	(25,317)	**251,026**	113,801
Investor relations	**43,808**	35,040	**167,024**	160,500
Office	**63,451**	27,320	**128,743**	51,639
Insurance	**59,257**	19,157	**101,426**	43,657
Computer software	**38,627**	3,384	**72,985**	8,920
Directors' fees	**19,875**	18,625	**62,875**	63,375
Maintenance	**10,415**	27,831	**28,567**	36,504
Doubtful debts provision	**-**	13,580	**2,462**	65,687
Supplies	**1,512**	-	**1,512**	-
Total general and administrative	**$ 1,726,783**	$ 753,317	**$ 3,807,161**	$ 2,229,917

General and administrative increased by $973,466 and $1,577,244 for the quarter and nine months ended December 31, 2018, respectively, compared to the same periods in the prior year with variances in several cost categories.

Salaries and benefits increased by $205,428 and $412,324 for the quarter and nine months ended December 31, 2018, compared to the same periods in the prior year. Staff now total fifteen employees with new hires in finance as well as newly created in-house support teams for human resources, IT, and investor relations. These staff are required to support the growing organizational infrastructure. Salaries and benefits directly related to the implementation of the new enterprise resource planning system ("ERP") have been capitalized and included in intangible assets.

Consulting fees increased by $158,893 and $305,934 for the quarter and nine months ended December 31, 2018. The Company incurred approximately $146,000 during the quarter related to the set-up and oversight of the cannabis processing facility project in Germany which also impacts the year to date variance. Year to date, significant IT services were required to support the Company's expanded organizational infrastructure and to set-up the new in-house IT department.

Travel costs increased by $92,347 and $267,371 for the quarter and nine months ended December 31, 2018, respectively. This is due to increasing activity related to new business initiatives, alternative financing arrangements that the Company continues to explore, and the Company's European expansion plan.

Rent and utilities increased by $168,714 and $240,387 for the quarter and nine months ended December 31, 2018, compared to the same periods in the prior year. The most significant impact is the Company's German location which has contributed approximately $110,000 in the quarter and $128,000 year to date to the variance. Also contributing to the increase are the rental costs related to the new office space in Toronto (April 1, 2018), new head office space in Edmonton (November 1, 2018) and property taxes incurred related to the new buildings purchased from the Amnor Group Inc. (May 3, 2018).

Professional fees increased by $60,336 and $97,167 for the quarter and nine months ended December 31, 2018 respectively. The increase predominantly relates to professional fees incurred related to the commencement of operations in Europe.

Public company compliance costs increased by $197,419 and $137,225 compared to the same periods in the prior year. These increases are mostly related to fees associated with the Company's new OTC listing, increased TSXV fees and increased costs incurred related to hosting the Company's annual general meeting which was held off-site and included communications and materials for a greatly increased base of shareholders.

Office expense increased by $36,131 and $77,104 for the quarter and nine months ended December 31, 2018, respectively due to the increase in staff, an increase in activity levels of the Company, and new Company offices. In addition, moving expenses related to relocating the head office in Edmonton to the new office space were also incurred.

Insurance expense increased by $40,100 and $57,769 respectively, compared to the same periods in the prior year. The Company's insurance policy was renewed and renegotiated as of September 2018. As a result, there were limit increases, rate increases, and several new coverages added. The Company also obtained coverage for the buildings purchased in Q1 2019 from Amnor Group Inc. which contributed to the increase.

Computer software increased by $35,243 and $64,065 for the quarter and nine months ended December 31, 2018. This increase is primarily attributable to costs related to the recently implemented ERP, the new stock option and the payroll and time reporting systems.

During fiscal 2017 and 2018, the Company assessed that a receivable from its subtenant was impaired and allowance for the impairment was made. The subtenant's space was reduced, and the rent was adjusted accordingly with the subtenant regularly paying the new reduced rent. No further allowances have been required.

Production Plant

A further break-down of the production plant expenses are as follows:

	Quarter ended December 31				Nine months ended December 31			
		2018		2017		**2018**		2017
Salaries and benefits	**$**	**630,259**	$	194,404	**$**	**1,382,551**	$	484,414
Rent and utilities		**141,404**		119,457		**316,712**		337,541
Maintenance		**94,799**		39,693		**227,992**		144,415
Supplies		**130,263**		7,265		**205,282**		9,865
Security		**82,734**		-		**111,203**		-
Office		**20,529**		6,404		**60,899**		9,458
Travel		**13,269**		3,529		**45,284**		3,529
Consulting fee		**39,857**		-		**39,857**		-
Equipment and rentals		**21,033**		-		**31,108**		890
Product development		**-**		-		**-**		318
Total production plant	**$**	**1,174,147**	$	370,752	**$**	**2,420,888**	$	990,430

As the Company is focused on preparing for the commencement of production activity related to cannabis oil extraction, total production plant salaries and benefits expense increased by $435,855 and $898,137 for the quarter and nine months ended December 31, 2018, respectively. In the prior year there were eleven plant employees compared to twenty-nine plant employees as at December 31, 2018.

Rent and utilities expense increased by $21,947 for the quarter and decreased by $20,829 for the nine months ended December 31, 2018, respectively compared to the same periods in the prior year. The increase in the quarter is attributable to the newly rented warehouse space from Akaura Holdings Inc. (Akaura) effective October 1, 2018 as well as an increase in utility usage and internet bandwidth to support the growth and scale up of activities at the plant. As the lease for the plant itself is with 1631807 Alberta Ltd. and 1631807 Alberta Ltd. is now a subsidiary of the Company, plant rent after May 3, 2018 is eliminated upon consolidation resulting in a savings for the quarter of approximately $62,000 and $165,000 for the nine months ended December 13, 2018.

Maintenance expense increased by $55,106 and $83,577 for the quarter and nine months ended December 31, 2018. The Company has acquired a significant amount of new equipment through its capital expansion initiative and to keep this highly specialized equipment in optimal performance condition, an ongoing preventative maintenance program has been put in place related to the production equipment portfolio. There were also costs incurred for service and maintenance related to preparation activities for cannabis oil production.

Supplies expense increased $122,998 and $195,417 in the quarter and nine months ended December 31, 2018, respectively. The increase is due to production runs related to cannabis testing which required additional purchases of supplies and other related expenses.

Security costs relate to the Health Canada security requirements surrounding cannabis which resulted in the Company obtaining security services for the plant effective in late Q2 2019. These fees are approximately $82,000 each quarter and can vary based on actual hours required.

Office supplies increases relate to increased staff and activities related to the scale up of activities associated with cannabis oil extraction.

Process Development

A further break-down of the process development expenses are as follows:

	Quarter ended December 31		Nine months ended December 31	
	2018	2017	**2018**	2017
Salaries and benefits	**$ 324,939**	$ 162,812	**$ 827,342**	$ 390,031
Salary recovery - IRAP	**-**	(6,273)	**-**	(18,000)
Rent and utilities	**84,758**	33,819	**163,382**	101,489
Supplies	**43,477**	9,921	**121,610**	18,590
Consulting fees	**52,045**	1,947	**115,732**	1,947
Maintenance	**24,641**	15,677	**64,414**	20,344
Travel	**9,846**	3,523	**27,002**	15,868
Product development	**14,088**	3,624	**25,104**	6,425
Office	**3,279**	3,069	**10,409**	4,505
Equipment and rentals	**-**	2,171	**353**	8,538
Production materials	**-**	-	**-**	723
Total process development	**$ 557,073**	$ 230,290	**$ 1,355,348**	$ 550,460

Process development salaries and benefits increased by $162,127 and $437,311 for the quarter and nine months ended December 31, 2018, respectively, compared to the same periods in the prior year. The increase includes bonuses and salary adjustments for existing staff as well as increases in total staff to sixteen employees. This compares to seven employees at the end of Q3 fiscal 2018.

Rent and utilities expense has increased by $50,939 and $61,893 for the quarter and nine months ended December 31, 2018, respectively, compared to the same periods in the prior year. The increase primarily relates to the Company's usage of Processium's laboratory facilities in France to further develop the Company's existing core MAP™ technology and research related technologies.

Supplies expense has increased by $33,556 and $103,020 for the quarter and nine months ended December 31, 2018. The increase relates to increased process and product development activities to support the continued development of intellectual property and efforts focused on converting provisional patent applications into full utility patent applications.

Consulting fees for the quarter were $50,098 and $113,785 greater than the same three and nine month periods in the prior year. The increase in the quarter and year to date is due to the engagement of technical consulting services related to equipment setup, equipment purchasing, and training staff on operating the equipment in Edmonton, Processium and future operating locations. Further contributing to the increase were costs incurred directly related to activities undertaken at the Processium laboratory.

Corporate Development

A further break-down of the corporate development expenses are as follows:

		Quarter ended December 31				Nine months ended December 31		
		2018		2017		**2018**		2017
Consulting fees	**$**	**340,848**	$	164,117	**$**	**824,254**	$	237,144
Travel		**155,912**		43,266		**283,886**		71,321
Promotion		**5,597**		-		**5,597**		-
Total corporate development	**$**	**502,357**	$	207,383	**$**	**1,113,737**	$	308,465

To support the Company's efforts in actively pursuing strategic corporate initiatives and opportunities, the corporate development team was formed in Q1 2018 and has experienced consistent growth since that time. The initiatives of this department also include technical services and support building a platform for the Company's unique MAP technology. Significant travel costs have been incurred related to these opportunities and initiatives.

Business Development

A further break-down of the business development expenses are as follows:

		Quarter ended December 31				Nine months ended December 31		
		2018		2017		**2018**		2017
Consulting fees	**$**	**234,236**	$	91,410	**$**	**555,185**	$	223,257
Travel		**79,831**		52,990		**227,244**		120,235
Salaries and benefits		**35,825**		35,215		**130,568**		106,530
Salary recovery - IRAP		**-**		(4,182)		**-**		(12,000)
Marketing material		**25,745**		14,371		**78,351**		14,371
Utilities		**1,804**		2,255		**5,290**		2,255
Office		**2,161**		50		**4,735**		2,437
Supplies		**-**		-		**117**		-
Total business development	**$**	**379,602**	$	192,109	**$**	**1,001,490**	$	457,085

Business development expenses increased by $187,493 and $544,405 for the quarter and nine months ended December 31, 2018, compared to the same periods in the prior year. To support the Company's efforts in actively pursuing new business initiatives and opportunities, the business consulting team has doubled over the last twelve months. The Company also engaged consulting services related to strategic communications. Further impacting the increase is significant travel by the business development team related to European operations and the nicotine and health and wellness initiatives. The development of marketing materials was also incurred pursuing these opportunities and initiatives.

Depreciation and Amortization

Depreciation and amortization increased by $152,879 and $415,914 for the quarter and the nine months ended December 31, 2018, respectively, compared to the same periods in the prior year. The increase is mainly due to depreciation associated with additions related to the Company's capital expansion initiatives. Additions span all of equipment, leasehold improvements, building and improvements, land and improvements, and assets under construction. Also impacting the balance is the depreciable assets acquired through 1631807 Alberta Ltd. which primarily consist of the buildings as well as land and building improvements.

Quality Control and Assurance

A further break-down of the quality control and assurance expenses are as follows:

	Quarter ended December 31		Nine months ended December 31	
	2018	2017	**2018**	2017
Salaries and benefits	**$ 207,676**	$ 110,868	**$ 569,091**	$ 235,900
Salaries and benefits capitalized	**(85,248)**	-	**(218,891)**	-
Supplies	**24,246**	1,026	**70,575**	1,026
Third party testing	**53,525**	-	**71,354**	-
Consulting fees	**2,000**	-	**47,750**	-
Maintenance	**14,022**	5,209	**29,245**	9,942
Office	**3,799**	1,626	**10,494**	2,030
Rent and utilities	**7,267**	-	**7,751**	-
Travel	**944**	145	**4,038**	145
Production materials	**1,073**	-	**3,555**	-
Total quality control and assurance	**$ 229,304**	$ 118,874	**$ 594,962**	$ 249,043

Throughout fiscal 2018, the Company focused on building a robust team of qualified individuals to fulfill quality control, regulatory, and assurance requirements related to the upcoming planned cannabis extraction. In the prior year there were five employees compared to twelve employees at December 31, 2018. With the increase in staff and their related activities, additional supplies expenses have been incurred. The Company has also engaged third party laboratories to test material and products, as well as perform testing related to cleaning and investigation.

In planning for cannabis oil extraction, one of the primary focuses of the department in the current year and particularly the current quarter, was preparation activities related to the Standard Processing license from Health Canada. Salaries and benefits related to this initiative have been capitalized and included with prepaid expenses which will be recognized as an intangible asset in Q4 2019 when the license was received.

Financing Fees

A further break-down of the financing fees are as follows:

	Quarter ended December 31		Nine months ended December 31	
	2018	2017	**2018**	2017
Amortization of financing costs on due to related company	**$ -**	$ 2,357	**$ 138,520**	$ 7,071
Amortization of financing costs on long-term debt	**28,918**	-	**76,139**	-
Amortization of financing costs on convertible debenture	**-**	-	**-**	10,170
Accretion of convertible debenture	**-**	-	**-**	1,703
Adjustment of convertible debenture to fair value	**-**	-	**-**	(43,868)
Interest on convertible debenture	**-**	-	**-**	64,692
Interest on loan due to related company	**-**	16,417	**5,655**	46,465
Interest on long-term debt	**129,096**	15,299	**342,014**	36,300
Interest on repayable gov't contributions	**-**	-	**-**	7,998
Interest on lease obligations	**1,889**	370	**8,128**	1,355
Payout penalty on due to related company	**-**	-	**16,414**	-
Accretion of royalty financial liability	**-**	-	**-**	281,816
Other	**399**	-	**(29,370)**	-
Total financing fees	**$ 160,302**	$ 34,443	**$ 557,500**	$ 413,702

The Company's acquisition of its 100% interest in 1631807 Alberta Ltd. followed by 1631807 Alberta Ltd.'s acquisition of the Adjacent Lands has resulted in financing activity related to both transactions:

- On May 3, 2018, Radient repaid the loan payable to 1631807 Alberta Ltd. (loan due to related company) in full. Remaining unamortized financing costs were recognized and a payout penalty of $16,414 owing to the Business Development Corporation (BDC) was paid.
- 1631807 Alberta Ltd. secured a new $5,500,000 Mortgage with proceeds used to discharge the previous BDC Canada mortgage as well as the existing mortgage on the newly purchased assets. Finance costs of $226,662 were incurred on this transaction and will be amortized over the 24-month life of the mortgage with $28,918 and $76,139 of the amount amortized in the quarter and nine months ended December 31, 2018. The interest rate on the new debt is calculated at the greater of 8.5% or the Bank of Nova Scotia Prime Rate plus 5.05% per annum (December 31, 2018 – 9.0%). The portion not capitalized was $114,219 for the three months and $297,908 for the nine months ended December 31, 2018. This is the primary driver in the overall increase in interest on long-term debt compared to the same period of the prior year.

Included in the quarter and nine months ended December 31, 2017 are costs related to the:

- convertible debenture which was converted to common shares of the Company on July 28, 2017;
- royalty financial liability which was converted to common shares of the Company on October 2, 2017; and
- repayable government contributions which was converted to long-term debt on May 18, 2017.

As a result of these conversions, there are no corresponding expenses in the current fiscal quarter.

Research and Development

As part of the Company's detailed review of its intellectual property portfolio, Radient has incurred costs related to documenting, inventorying and creating a registry for its trade secrets. The Company has prioritized ensuring that its intellectual property is properly safeguarded and where appropriate enhanced.

Interest and Other Income

Interest and other income have increased over the prior year. This increase is due to interest earned on excess cash which has been invested in short-term, readily converted investments.

Rental Income

Rental income has decreased compared to the prior year. The decrease is a result of the Company's revised subtenant lease which was effective September 1, 2017 and includes significantly less rented space.

Share-Based Payments

Share-based payments include vested amounts which relate to stock option grants previously approved as well as amounts related to new grants approved during the period as those grants begin to vest.

Share based payments were $8,265,303 and $9,086,640 for the quarter and the nine months ended December 31, 2018, respectively. New stock option grants for the nine months ending December 31, 2018 are:

- On June 4, 2018, the Company granted 1,475,000 stock options to certain employees and consultants with an exercise price of $1.20 and vesting terms quarterly over three years. The share-based payments recognized on this new grant are $229,408 for the three months and $662,045 for the nine months ended December 31, 2018.
- On October 1, 2018, the Company granted 3,900,000 stock options to certain directors and officers with an exercise price of $1.82. Of these options, 1,950,000 vested December 2018 and as a result, a total of $1,961,970 was recognized in three months ended December 31, 2018.
- On November 28, 2018, the Company granted 9,090,000 stock options to directors, officers, employees and consultants with an exercise price of $0.87. Of these options, 8,445,000 vested immediately and as a result a total of $5,983,950 was recognized in the three months ended December 31, 2018.

Share based payments were $1,553,510 and $5,847,976 for the quarter and the nine months ended December 31, 2017, respectively. Stock option grants for the nine months ending December 31, 2017 were:

- On April 3, 2017, the Company granted 8,517,765 stock options to certain directors, officers, employees and consultants with an exercise price of $0.66. Of these options, 6,455,544 vested immediately and as result, a total of $3,917,830 was recognized in the first quarter of fiscal 2017 with an additional $418,258 in the second and third quarter related to this grant.
- On August 28, 2017, the Company granted 700,000 stock options to certain employees and consultants with an exercise price of $0.50. The share-based payments recognized on this grant were $108,904 for the three months and $170,659 in the nine months ended December 31, 2017.

- On December 6, 2017, the Company granted 1,278,000 stock options to certain directors, officers, and consultants with an exercise price of $1.82. Of these options, 889,000 vested immediately and as a result, the share-based payments recognized on this grant were $1,307,611 in the nine months ended December 31, 2017.

Allocation of Related Company Loss

Radient acquired the remaining shares in 1631807 Alberta Ltd., resulting in 100% ownership as of May 3, 2018. The related company loss of $45,032 relates to the period from April 1, 2018 to May 3, 2018.

Liquidity and Capital Resources

		December 31, 2018		March 31, 2018
Non-current assets	**$**	**23,952,843**	$	5,966,400
Current assets		**40,814,145**		24,046,254
Current liabilities		**(3,373,168)**		(2,016,369)
Total assets less current liabilities	**$**	**61,393,820**	$	27,996,285
Non-current liabilities		**6,527,370**		2,124,160
Shareholders' equity		**54,866,450**		25,872,125
	$	**61,393,820**	$	27,996,285

Non-Current Assets

Non-current assets increased by $17,986,443 at December 31, 2018, as compared to March 31, 2018, which is attributable to:

Plant and Equipment

Plant and equipment increased $18,078,250 from March 31, 2018. This increase is related to assets acquired from 1631807 Alberta Ltd. of $4,413,129, additional land and building purchased from the Amnor Group Inc. of $4,220,000 as well as $10,201,107 of additions related to the Company's capital expansion projects and other corporate capital requirements. Plant and equipment was depreciated by $755,987 during the nine months ended December 31, 2018.

Long-term Prepaids and Deposits

Long-term prepaids and deposits increased by $761,487 related to various patent update initiatives commenced later in fiscal 2018 that continue through the current fiscal year. Upon notification of successful patent application, the costs will be added to the Company's intangible non-current assets.

Intangible Assets

Additions to intangible assets of $291,780 include investment in the Company's recently implemented ERP system, a new corporate website, software additions as well as the Company's Dealers License for the manufacturing facility.

The increases noted above are offset by a decrease of $1,119,015 in investment in related company which subsequent to May 3, 2018 is eliminated on consolidation as the Company acquired the remaining 50% interest in 1631807 Alberta Ltd.

Current Assets

Current assets increased by $16,767,891 at December 31, 2018 as compared to March 31, 2018, which is attributable to:

Cash

The Company's cash balance increased by $15,775,719, primarily due to proceeds received from the brokered and private placements of $34,202,759, net cash received on long-term debt of $5,141,682, proceeds received from the exercise of warrants of $4,127,845, and proceeds from the exercise of stock options of $266,519. This increase is offset by cash requirements for operating activities of $9,454,969, cash purchases of plant and equipment of $10,201,107, the repayment of debt associated with the purchase of the Amnor Group Inc. assets of $2,218,614, the repayment of debt associated with the acquisition of 1631807 AB Ltd. of $1,388,691, repayment of the loan due to related company of $996,471, share issuance costs of $2,373,519, patent initiatives of $786,487, interest and pay-out penalties of $396,467, and the investment in intangible assets of $291,780.

Prepaids and Deposits

Prepaids and deposits increased by $556,217 during the nine months ended December 31, 2018. This is primarily due to costs incurred related to cannabis license application preparations, efforts related to European opportunities, prepaid insurance (previously financed on a monthly basis) and additional prepaid amounts related to various future initiatives the Company is currently undertaking.

Accounts Receivable

Furthering the increase in current assets was an increase of $85,813 in accounts receivable. The majority is attributable to the increase of $138,127 in the GST receivable. The GST receivable balance relates to November and December amounts owing from the Canada Revenue Agency of which the November amount was received by the date of this MD&A. The increase from the March 31, 2018 balance relates to increased purchasing activity which results in higher amounts of ITCs receivable.

Inventory

Also contributing to the increase in current assets was an increase of $350,142 in inventory. The majority of this increase is due to materials purchased in preparation for cannabis oil extraction activities which are expected to commence prior to the end of the fiscal year given the receipt of the Company's Standard Processing License granted in February 2019. In addition, due to the length of the time required to order and source customized parts for equipment, the Company has purchased spare parts to have on hand.

Current Liabilities

Current liabilities increased by $1,356,799, compared to the balance at March 31, 2018. Accounts payable and accrued liabilities increased by $1,545,539 largely due to a continued increase in activities related to the Company's preparation for growth expected as cannabis extraction production is planned in the coming quarters. The overall increase is offset by a reduction in the current portion of due to related company of $50,053 which was fully discharged in the first quarter of this fiscal year and a reduction in advances from related company as 1631807 Alberta Ltd. is now a subsidiary of the Company, fully consolidated with intercompany balances eliminated. The current portion of the long-term debt is less than the prior year by $105,408 which is a result of the deferred finance charges related to the Moskowitz loan that net with the long-term debt and are amortized over the life of the loan.

Non-Current Liabilities

Non-current liabilities increased by $4,403,210, which is mostly attributable to the new Moskowitz loan which accounts for an increase of $5,459,883 of which $5,500,000 is the principle portion net of $40,117 long-term deferred finance costs associated with the loan's acquisition. This increase is offset by a reduction in due to related company of $758,623, the previous loan owed to 1631807 Alberta Ltd. which was fully discharged in the first quarter of fiscal 2019. Furthering the decrease is other long-term liabilities of $87,694 which is an intercompany amount with 1631807 Alberta Ltd. now eliminated upon consolidation.

Shareholders' Equity

Shareholders' equity at December 31, 2018 increased by $28,994,325 as compared to the balance at March 31, 2018. This is primarily due the issuance of 20,700,000 common shares for the proceeds of $24,840,000 from the brokered placement, the issuance of 7,802,299 common shares for the proceeds of $9,362,759 from the private placement, the exercise of 9,232,166 warrants for total proceeds of $4,127,845, an issuance of 2,799,639 common shares related to assets purchased of $3,883,886, the exercise of 409,055 options for total proceeds of $266,519, and an issuance of 169,155 common shares related to shares issued for $212,594 of services rendered. As well, the Company recorded share-based compensation of $9,086,640. These increases were offset by share issuance costs of $2,373,519 and the recognition of a net loss of $20,445,168 for the nine months ended December 31, 2018.

Contingencies and Commitments

Operating Lease Arrangements

The Company has entered into non-cancellable operating lease agreements for office and warehouse space. Future minimum lease payments payable are as follows:

		December 31, 2018
Within one year	$	**657,124**
After one year but not more than five years		**1,134,158**
Later than five years		**165,848**
	$	**1,957,130**

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 December 31, 2018, the remaining commitments related to these contracts is $2,034,546 ($1,770,736 for assets under construction and $268,810 for equipment).

In addition, the Company has entered into a contract for the maintenance of certain assets with a remaining commitment of $29,213 being required within one year.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Related Party Transactions

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

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

Details of the related party transactions follow:

Key Management Personnel and Director Remuneration

The remuneration of directors and key management personnel follows:

	Quarter ended December 31		Nine months ended December 31	
	2018	2017	**2018**	2017
Compensation	**$ 230,375**	$ 263,355	**$ 684,375**	$ 697,225
Short-term benefits	**6,435**	6,121	**18,805**	18,363
Share-based compensation	**5,885,834**	943,475	**6,052,951**	3,913,500
	$ 6,122,644	$ 1,212,951	**$ 6,756,131**	$ 4,629,088
Number of stock options issued	**9,425,000**	768,000	**9,425,000**	6,589,102
Weighted average exercise price	**$ 1.26**	$ 1.82	**$ 1.26**	$ 0.80

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

As at December 31, 2018, $59,092 (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.

Equity Transactions

During the Nine months ended December 31, 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. These officers and directors included Francesco Ferlaino ($600,000), Jan Petzel ($660,000) and the CEO ($49,920).

625,000 common shares were issued to a director and a key management personnel of the Company for warrants exercised for total proceeds of $312,500. $62,500 was received from the CEO and $250,000 from Francesco Ferlaino, a director of the Company. There were no warrants exercised in the three months ended December 31, 2018.

During the Year Ended March 31, 2018

460,973 common shares were issued to certain directors and key management personnel of the Company for warrants exercised for total proceeds of $103,777. These officers and directors included the CEO ($75,000), CFO ($12,500), two directors Dimitris Tzanis ($7,974) and Jan Petzel ($8,303).

The COO and one director, Jan Petzel, exercised 406,250 options for total proceeds of $103,125 and $165,000 respectively.

Services Provided

During the Nine months ended December 31, 2018

Akaura Holdings Inc., owned by Harry Kaura, a director of the Company, received $39,625 for rent and operating costs associated with the rental of a warehouse required by the Company. Further, Amnor Group Inc., also owned by Harry Kaura received $95,000 for site clearing and preparation services related to the Company's Edmonton capital expansion project.

As at December 31, 2018, $95,000 (March 31, 2018 - $nil) was included in accounts payable and accrued expenses relating to these amounts.

The transactions are measured at the exchange amount, which is the consideration established and agreed to by the related parties.

New Accounting Standards

The following new IFRS accounting standards have been adopted by the Company and are further discussed below.

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 financial liabilities at amortized cost. 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 approximates 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 financial assets at amortized cost. Financial assets 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.

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. The accounting policy under IAS 18 described in the Company's 2018 annual consolidated financial statements states that all income relating to the sale of processing services is recognized as revenue when the amount of revenue can be measured reliably, economic benefits are probable, the stage of completion at the balance sheet date can be measured reliably, and the costs related to the transaction can be measured reliably. When all these criteria have not been met, the revenue will only be recognized to the extent of the expenses recognized that are recoverable. The Company considers delivery of the extracted compounds to have occurred upon shipment when the significant risks and rewards of ownership have been transferred to the customer. 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).

Future Changes in Accounting Standards

The following are the new IFRS pronouncements that have been issued, that are not yet effective, that have not been early adopted, and that may have an impact on the Company in the future, as discussed below.

IFRS 16 – Leases, replaces *IAS 17 – Leases, IFRIC 4 – Determining whether an arrangement contains a lease, SIC 15 – Operating Leases and SIC 27 – Evaluating the substance of transactions involving the legal form of a lease*. 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. Lessor accounting is substantially unchanged from IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company has not yet evaluated the impact of IFRS 16 on the consolidated financial statements.

Financial Instruments and Related Risk

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

Accounts payable and accrued liabilities approximate their carrying amount due to their short-term nature. The fair value of loans and borrowings are classified as other financial liabilities for valuation purposes under IFRS 9. Other financial liabilities are measured initially at fair value and subsequently at amortized cost using the effective interest method.

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

Credit Risk

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

The Company mitigates its exposure to credit risk by maintaining its Canadian domiciled bank accounts with a Canadian Chartered Bank.

The Company's trade receivables are monitored on an ongoing basis for impairment. During fiscal 2017 and 2018, the Company assessed that a receivable from its subtenant was impaired and an allowance of $331,572 for the impairment was made. In the nine months ended December 31, 2018, the Company reversed the allowance and recorded the bad debt expense recovering the related GST of $16,579.

As at December 31, 2018, $33,585 (March 31, 2018 - $373,393) of the trade accounts receivable balance of $33,585 (March 31, 2018 - $497,313) was past due with the amount fully collected as at the date of this MD&A. Other receivables at December 31, 2018 consist primarily of GST of $212,822 (March 31, 2018 - $76,235) and amounts owing from vendors which were subsequently refunded of $82,549.

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 could encounter difficulty in meeting its financial obligations if certain risks were to occur. See the risk factors associated with the Company which are provided in detail in the Company's annual MD&A dated July 24, 2018 for additional related discussion and details.

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	$	3,214,745	$	-	$	-	$	-	$	3,214,745
Long-term debt		727,950		6,125,143		230,740		400,515		7,484,348
Lease obligation		105,394		110,588		-		-		215,982
Balance December 31, 2018	**$**	**4,048,089**	**$**	**6,235,731**	**$**	**230,740**	**$**	**400,515**	**$**	**10,915,075**
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 cashflows.

Foreign Exchange Risk

The Company earns certain revenues and incurs certain operating expenses and capital expenditures in U.S. dollar (USD) and Euro. Accordingly, the fluctuations in the exchange rate between the foreign currencies and the Canadian dollar can impact the Company's reported results. 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, 2018. The analysis is based on financial assets and liabilities denominated in USD and Euro ("balance sheet exposure").

	December 31, 2018			
		(USD)		(Euro)
Cash	$	223,684	$	-
Accounts receivable		-		-
Accounts payable and accrued liabilities		(173,593)		(38,088)
Total balance sheet exposure	$	50,091	$	(38,088)

The translation rate as at December 31, 2018 was 1.3643 for USD and 1.5613 for Euros. Based on the Company's balance sheet exposure noted above, with other variables unchanged, net income would change by $683 for each one percent change in the USD and by $595 for each one percent change in the Euro.

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 December 31, 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 $62,126 (2017 - $7,570).

Risk Factors

A non-exhaustive list of risk factors associated with the Company are provided in detail in the Company's annual MD&A dated July 24, 2018. The risk factors contained therein should be read in conjunction with the additional related information that could affect the Company's operations and financial results which may be accessed through the Company's profile on SEDAR (www.sedar.com). There have been no significant changes in the risk factors since July 24, 2018, except as noted below.

Cannabis Industry - Licensing

In the quarterly MD&A dated November 28, 2018, the Company detailed the increased risk associated with not receiving its ACMPR license prior to the effective date of the new Canadian regulations and the uncertainty related to re-applying under the new regulations. On February 4, 2019, the Company announced that it received its Standard Processing License from Health Canada under the new *Cannabis Act* regulations which came into force on October 17, 2018. The receipt of this license is a key factor in the Company's operational viability. The license will permit Radient to legally process, sell and distribute cannabis materials to other federal cannabis license holders. Processing of cannabis biomass to extract cannabinoids including CBD and THC is expected to commence at the Edmonton I manufacturing facility during the 4th quarter of fiscal 2019 where the Company will supply these premium grade extracts and ingredients to its existing partners with MSAs. The existing facility is capable of processing more than 200 kg of cannabis biomass per day. As the Company has successfully obtained the License, the risk of receipt no longer exists.

Outstanding Share Data

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

Common shares issued and outstanding: 267,256,395

Fully diluted capital: 330,239,839

Stock Options

23,382,402 are issued and outstanding with a weighted average exercise price of $1.03. Each stock option entitles its holder to purchase one common share of the Company with varying expiry dates up to June 23, 2024. Additionally, on February 27, 2019, the Company approved to issue 1,025,000 incentive stock options. Of these options, 250,000 were granted to one director, Allan Cleiren, and the remainder to management and consultants with an exercise price based on the Company's share price as of that date. Each stock option entitles its holder to purchase one common share of the Company until February 27, 2024.

Finders' Options

1,624,290 finders' options with a weighted average exercise price of $1.20 are issued and outstanding. Each option entitles its holder to purchase one unit of the Company with varying expiry dates up to July 31, 2020. If exercised, these units would include 1,624,290 common shares and 812,145 common share purchase warrants entitling the holder to subscribe for additional common shares at a weighted average price of $1.50 per common share until July 31, 2020.

Warrants

37,164,607 are issued and outstanding with a weighted average exercise price of $0.93. Each warrant entitles its holder to purchase one common share of the Company with varying expiry dates up to July 31, 2020.

Shares Issued for Services

During the nine months ended December 31, 2018 and the year ended March 31, 2018, the Company approved multiple share for service agreements with third parties in exchange for corporate development, business development and consulting services. Pursuant to the terms of the agreements the Company may issue common shares in exchange for a maximum of $379,000 USD and $96,000 CAD of services provided in the fiscal year 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 TSXV and will be subject to approval for each successive 2-year renewal term. Common shares with a value of $141,800 USD and $27,971 CAD have been issued as of the date of this MD&A for services rendered during the nine months ended December 31, 2018.

Shares Issued for Debt

On October 29, 2018, Radient 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.