RADIENT

Management Discussion & Analysis

Three and six months ended September 30, 2018

Dated November 28, 2018

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Management Discussion and Analysis ("MD&A")

The following MD&A is prepared as of November 28, 2018 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 six months ended September 30, 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 November 28, 2018 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".

The head office of Radient is located at 8223 Roper Road NW, Edmonton, Alberta, T6E 6S4 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.

The subsidiaries of the Company at September 30, 2018 are:

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

RTC was incorporated on February 20, 2018 and holds certain of the Company's Canadian cannabis related licenses as 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.

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 September 30, 2018, Aurora held 37,643,431 common shares and 4,541,889 common share purchase warrants of Radient representing approximately 14.45% of the issued and outstanding common shares and 13.14% 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. Subsequently, the company expanded its future potential revenue streams in this target industry by securing MSAs with Terra Life Sciences group ("TLS") in December 2017 and Bonify in February 2018 to provide similar services to that outlined in the Aurora MSA.

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.

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.). The 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 for the future expansion of Radient’s production facilities housing its unique MAP™ based extraction platform. The acquisition of the Adjacent Lands adds approximately 80,000 sq. ft. of real estate complementing the existing industrial scale MAP™ Facility. The purchase of these properties provides the Company with controlled access to its production facility as well as necessary expansion capacity.

On June 5, 2018, the Company announced that it had filed a provisional patent application with the U.S. Patent and Trademark Office (the “USPTO”) for innovation related to methods for obtaining nicotine depleted tobacco, without materially altering certain desirable properties of the tobacco. 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. The invention 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. Further, on June 12, 2018, Company announced that it had made a submission to the U.S. Food and Drug Administration (the “FDA”) to consider the Company’s proprietary technology as a method to reduce nicotine levels in tobacco. These initiatives will be the underpinning of the Company’s plans to actively pursue commercial activities related to nicotine reduction.

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.

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, Non-Cannabinoid Activities 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 18.5% from 21.6 tonnes for July 1, 2016 to June 30, 2017 to 25.6 tonnes from July 1, 2017 to June 30, 2018. Further, the amounts sold to clients of cannabis oil have increased 114.7% from 18.4 tonnes to 39.5 tonnes for the same period. Health Canada also reports that the total number of client registrations at the end of the month have increased 47.3% from approximately 201,400 at June 30, 2017 to approximately 296,700 as at June 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.

To facilitate the extraction of cannabinoids form marijuana, the Company expanded its manufacturing facility to incorporate a dedicated production line. This line, currently undergoing commissioning, is expected to handle 250 kgs of input biomass on a daily basis. Upon receipt of its Standard Processors License from Health Canada, the Company will be able to engage in commercial production activities contemplated by its MSAs. Additionally, the Company is repurposing its main facility to handle 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 retrofitting is complete which is expected mid calendar 2019.

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. To date, these activities have been undertaken in the Edmonton manufacturing facility. In light of recent developments with Health Canada related to the Company's application for its Standard Processors License, it has been determined that production of cannabis and non-cannabis products should not occur in the same facility. As a result, the Company intends to deliver its health and wellness activities through facilities in Europe.

Further information is provided below in the 'Recent Developments' section, however, key to the Company's delivery strategy, 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 in 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, 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 will be installing development and production scale MAP™ equipment in Natac's manufacturing facility currently under construction in Spain that will be used by Natac Solutions. As the Company is currently in the process of finalizing the joint arrangement and the specific terms so associated, estimates of the expenditures required have not been finalized.

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 existing Dealers Licences for the Roper Road and the Plant locations will transition under the new regulations as Research and Analytical Testing Licences at both sites. 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.

Prior to the October 17, 2018 regulatory changes, the Company had an “Access to Cannabis for Medical Purposes Regulations” (“ACMPR”) application in progress for its plant which would allow possession and production of cannabis extracts. The application will now transition to a Standard Processors licence application. The Standard Processors licence authorizes the holder to possess and produce cannabis (extract) and sell and distribute cannabis. Similar to the previous ACMPR licencing approach, the Standard Processors licence is a graduated licence with the first level licence being issued to possess, produce (extract) and sell to other licence holders and the second level licence will allow the holder to sell to retail stores.

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 sold in Europe. Radient is currently working with a consultant in Germany to provide guidance for EU GMP compliance and the application for a final inspection.

Recent Developments

Licencing

ACMPR Application for License Producer

Radient was notified that the Office of Medical Cannabis had received the Company's site evidence package on August 16, 2018 and issued its Confirmation of Readiness request on August 28, 2018. Additionally, the Company's application had completed the security clearance stage on September 5, 2018 however, the Office of Medical Cannabis could not complete the review and present it to the approval panel prior to October 17, 2018. As a result, Radient did not receive a producers licence under the ACMPR prior to the October 17, 2018 regulation change and will now see its application transitioned to the new Cannabis Act rules.

Dealers Licence for the Manufacturing Plant

On October 3, 2018, the Company received notification that its Dealers Licence for the manufacturing plant was granted effective October 10, 2018. This licence allows Radient Technologies Cannabis Inc. to possess, produce (extract) and sell/provide cannabis and industrial hemp extract for the purposes of testing only. This licence also allows Radient to receive material from other valid licence holders for the purposes of analytical testing. Although the receipt of this licence does not allow Radient to produce material that may be sold in the future, it does allow the Company to complete operational activities to test and perfect its processes.

Cannabis Act, Effective October 17, 2018

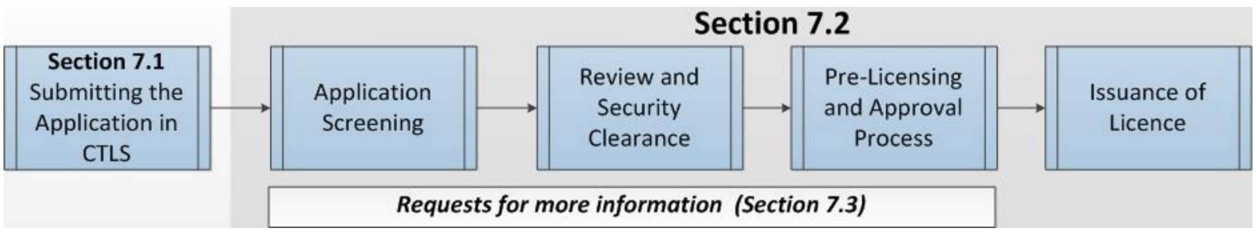
Under the new Cannabis Act, all applicants who did not receive a licence before the effective date are required to demonstrate compliance with the new Cannabis Act Regulations.

For existing licence holders, including holders of a Dealers Licence related to cannabis, a three-month transitional period has been granted to allow applicants sufficient time to comply with the new regulations. Transitional applications were submitted in October for the Dealers Licence activities at both the Roper Road and Plant locations with the Company awaiting new licence numbers from the new Cannabis Tracking and Licencing System ("CTLS"). The purpose of the transitional applications is not to demonstrate compliance but to link the existing licences to new licence numbers in the CTLS. These transitional licenses will expire December 31, 2019 unless amended.

Licence numbers in the CTLS will allow Radient to complete the required monthly reporting using the database as well as submit the amendment applications to demonstrate compliance within the transition period. Amendments will be completed for all transitional licences, with the exception of the Research licence at the plant which will not be renewed. Research can be completed under the Standard Processors licence as long as it falls within the same scope of work.

Additionally, a new application was submitted for a Standard Processor Licence on October 23, 2018. The submission of this application maintains the Company's position in the review queue. The Company's most recent communication with Health Canada was the receipt of a Confirmation of Readiness request on November 19, 2018 to provide evidence of the site compliance. Subsequent communications with Health Canada indicated a reduced list of requirements based on the review of the earlier submitted evidence package.

The new licencing process is similar to the process for the ACMPR licences and is illustrated below in this figure taken from Health Canada's application guide:



After submitting the requested evidence package and addressing any subsequent questions, an on-site pre-licence inspection by Health Canada inspectors may be deemed necessary prior to further licensing decisions. Once all information has been reviewed, including the results and observations from a pre-licence inspection, if necessary, the site's package is presented to the licencing panel. Pending a favourable review by the panel and acceptable transitional security clearances, an initial licence for authorized activities is issued including an accompanying issuance letter detailing any conditions around the issued licence.

Licence holders must ensure that the quality of cannabis products they produce meet all applicable requirements. When a licence holder is first licenced, activities may be limited, particularly prior to being authorized to conduct the activity of sale for medical purposes. This graduated licensing is for the purpose of verifying that cannabis products intended for sale meet all of the quality standards set out under the Cannabis Act Regulations.

TSXV Status

Effective October 29, 2018, the Company was approved for graduation from the TSXV Tier 2 to the TSXV Tier 1. Tier 1 is considered the premier tier of the TSXV and is reserved for the Exchange's most advanced issuers with significant financial resources. Tier 1 status gives companies access to a more favorable regulatory environment, decreased filing requirements and increased opportunity for participation by institutional investors. This enables the Company to have a broader investor reach with the goal of enhanced liquidity. The Company's successful capital raises through this fiscal year coupled with improvement in its market capitalization over the last 18 months were favourable factors impacting the graduation.

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 Innovations Inc.

Incorporated on October 12, 2018 this subsidiary is 100% owned by Radient Technologies Inc. The entity was setup to hold all of the Company's Canadian generated intellectual property. The intellectual property includes all currently issued patents along with the Company's current provisional patent applications filed with the USPTO.

Natac Solutions Joint Arrangement

In October 2018, the Company announced that it had entered into a binding letter of intent to form a 50/50 joint arrangement with Natac. The newly created joint arrangement will be based in Madrid, Spain and will allow Radient to increase its market presence in Europe. The Company is currently in the process of incorporating a legal entity through which the joint arrangement will operate and is also in the process of finalizing the joint agreement with Natac.

Canadian Expansion

Edmonton I - Plant Expansion (Cannabis Processing Line)

On August 28, 2018, Radient 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.

With the Company having received its Dealer's License for the manufacturing plant as previously mentioned, process verification and qualification using industrial-scale volumes of cannabis has been ongoing; this places Radient in a strong position of readiness in anticipation of the Company receiving its Standard Processor license from Health Canada.

The following table provides the original budget as well as planned revisions for this 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	$ 8.0M	No revision

As at September 30, 2018 the total amount spent is $7.3M with additional costs for remaining equipment and commissioning not expected to exceed the budgeted amount.

Edmonton II - Plant Retrofit (Hemp Processing Line)

As disclosed on 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 expected to be completed before December 31, 2019 and as disclosed in the Company's Short Form Prospectus has a budget of $3.0 M. As of September 31, 2018, $25,080 has been spent on deposits for equipment related to this project.

Edmonton III – New Plant

On November 5, 2018, the Company announced the development of a new Manufacturing Facility ("Edmonton III") 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 facility – Edmonton I. Edmonton III, expected to be complete in the second half of calendar 2020, will allow Radient additional extraction capacity and cannabinoid ingredient development capability in order to serve its partners, including Aurora Cannabis Inc., which currently has approximately 570,000 kgs of funded cannabis cultivation capacity. The Company will fund this project with 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 project is in the development stage, 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

The addition to the previously disclosed budget contemplates the purchase of specialized downstream processing equipment which will allow the Company to capture a greater portion of the value chain and obtain higher gross margins on products sold. As at September 30, 2018, the total amount spent on this project is approximately $1.3M which largely pertains to equipment deposits where advance ordering is a necessary requirement.

European Expansion - Cannabinoids Extraction

Germany

On November 5, 2018, the Company announced its 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. Site selection in Germany has been made, with site preparation nearing completion and construction permitting underway. The Company has hired a Managing Director, Germany to oversee this project and ensure its successful execution. As disclosed in the Company's Short Form Prospectus, Radient anticipates spending $0.5M through these initial stages of site identification and permitting etc. at the conclusion of which, more detailed plans and budgets will be prepared.

European Expansion – Health and Wellness

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. Specific details of these business arrangements follow:

France

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 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 is in the process of determining its detailed capital budget associated with the arrangement but does not expect the capital cost of required equipment to exceed $0.5M. 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. The laboratory will be headed by Dr. Marilena Radoiu, Radient's Managing Director of Microwave Innovation. The agreement is for an initial 12-month term and may be terminated at any time by Radient by giving 60 days notice.

Spain

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.

Financing

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 announced on July 5, 2018, 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. Related to this offering, the Company paid finder's fees totaling $458,748 and issued 382,290 finder warrants with a fair value of $305,259.

The net proceeds 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.

Intellectual Property

The Company has continued a detailed review of its intellectual property portfolio and work related to enhancing and safeguarding its intellectual property. As announced on October 29, 2018, the Company filed 18 provisional patent applications with the United States Patent and Trademark Office ("USPTO") for innovation related to methods and systems and apparatus improving the efficiency, purity, quality, and yield of biomass extraction, especially biomass related to cannabis, making use of Radient's continuous-flow MAP™ Technology. These applications also disclose systems and methods for controlling the composition of cannabis extracts and for obtaining compositions of cannabis products that are soluble in water, dispersible in water and obtainable in solid forms.

Further on November 19, 2018, the Company filed an additional 13 provisional patent applications with the USPTO. These cover inventions relating to methods and systems for improving the efficiency, accuracy, and security of supply chain tracking for extractable biomass, especially cannabis biomass.

These provisional applications were first filed in 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.

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.

RADIENT

Interim MD&A Quarterly Highlights

Quarter ended	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Revenues	$ 155,571	$ 58,489	$ 117,304	$ 138,899
Loss before other income and expenses	(3,445,784)	(3,187,507)	(2,439,546)	(1,968,511)
Loss per share, before other income and expenses (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)
Net loss	(3.817,382)	(3,545,018)	(2,768,047)	(3,541,287)
Net loss per share (basic and diluted)	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	249,529,849	226,860,451	223,367,719	197,549,414
Total assets	$ 67,035,138	$ 37,558,954	$ 30,012,654	$ 30,835,344
Long term liabilities	6,573,331	6,618,306	2,124,160	2,196,646

Quarter ended	September 30, 2017	June 30, 2017	March 31, 2017*	December 31, 2016*
Revenues	$ 103,702	$ 95,922	$ 145,962	$ 116,235
Loss before other income and expenses	(1,734,433)	(1,735,427)	(1,295,756)	(1,091,035)
Loss per share, before other income and expenses (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)
Net loss	(2,102,361)	(5,636,622)	(1,212,038)	(1,114,509)
Net loss per share (basic and diluted)	$ (0.01)	$ (0.04)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	175,147,455	158,923,114	136,107,594	85,290,762
Total assets	$ 14,651,260	$ 16,634,789	$ 15,107,628	$ 8,077,320
Long term liabilities	7,509,318	7,434,920	6,597,174	7,057,445

* 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 September 30		Six months ended September 30	
(Unaudited)	**2018**	2017	**2018**	2017
Revenues	**$ 155,571**	$ 103,702	**$ 214,060**	$ 199,624
Cost of revenues	**94,857**	58,049	**131,249**	141,041
	60,714	45,653	**82,811**	58,583
Expenses				
General and administrative	**1,094,072**	733,542	**2,080,378**	1,476,600
Production plant	**704,626**	315,118	**1,246,741**	619,678
Process development	**389,308**	162,989	**798,275**	320,170
Business development	**295,334**	128,478	**621,888**	264,976
Corporate development	**340,268**	75,059	**611,380**	101,082
Depreciation and amortization	**283,032**	120,125	**499,544**	236,509
Financing fees	**157,995**	147,772	**397,198**	379,259
Quality control and assurance	**146,823**	97,003	**365,658**	130,169
Research and development	**95,040**	-	**95,040**	-
	3,506,498	1,780,086	**6,716,102**	3,528,443
Loss before other income (expenses)	**(3,445,784)**	(1,734,433)	**(6,633,291)**	(3,469,860)
Other income (expenses)				
Interest and other income	**119,714**	(9,779)	**152,397**	232
Rental income	**4,153**	21,644	**12,289**	52,908
Share-based payments	**(488,708)**	(365,422)	**(821,337)**	(4,294,466)
Allocation of related company (loss) income	**-**	(2,560)	**(45,032)**	7,440
Foreign exchange loss	**(6,757)**	(11,778)	**(27,246)**	(21,891)
Other expenses	**-**	(33)	**-**	(13,346)
	(371,598)	(367,928)	**(729,109)**	(4,269,123)
Net loss and comprehensive loss	**$ (3,817,382)**	$ (2,102,361)	**$ (7,362,400)**	$ (7,738,983)

Revenues

	Quarter ended September 30		Six months ended September 30	
	2018	2017	**2018**	2017
Contract manufacturing	**$ 155,571**	$ 103,702	**$ 214,060**	$ 199,624
Total revenues	**$ 155,571**	$ 103,702	**$ 214,060**	$ 199,624

Total revenue increased by $51,869 in the quarter and $14,436 in the six months ended September 30, 2018, respectively, compared to the same periods in the prior year. The planned renovation and expansion shutdown of the Company's production facility through the quarter ended June 30, 2018, negatively impacted the Company's revenue. However, with the plant back online, increased production runs relating to executing manufacturing agreements for specific personal care ingredients resulted in the second quarter revenue increases noted above.

Cost of Revenues

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

		Quarter ended September 30				Six months ended September 30		
		2018		2017		**2018**		2017
Contract manufacturing								
Salaries and benefits	**$**	**68,267**	$	26,150	**$**	**87,307**	$	55,746
Supplies and materials		**24,582**		23,602		**37,250**		63,207
Waste removal		**1,795**		3,087		**6,435**		15,168
Transportation fees		**213**		3,647		**257**		4,772
Equipment and rentals		**-**		740		**-**		1,325
Product development		**-**		823		**-**		823
Total cost of revenues	**$**	**94,857**	$	58,049	**$**	**131,249**	$	141,041

Total cost of revenue increased by $36,808 in the quarter compared to the same quarter in the prior year which directly relates to the increase in revenue for the same period. The cost of revenue decreased by $9,792 for the six months ended September 30, 2018 compared to the same period in the prior year. This is due to decreased revenue in the quarter ended June 30, 2018 related to the production facility shutdown. The decreased cost of revenue was also due to the timing of purchases of supplies and material. Costs related to the disposal of waste varies based on the type of biomass used in the manufacturing process.

General and Administrative Expenses

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

		Quarter ended September 30				Six months ended September 30		
		2018		2017		**2018**		2017
Consulting fees	**$**	**281,909**	$	211,929	**$**	**553,134**	$	406,093
Salaries and benefits		**282,175**		141,714		**511,311**		304,415
Salaries and benefits capitalized		**(16,797)**		-		**(16,797)**		-
Travel		**155,759**		53,887		**316,011**		140,987
Professional fees		**97,978**		59,107		**162,237**		125,406
Rent and utilities		**83,647**		37,030		**146,909**		75,236
Investor relations		**49,631**		59,460		**123,216**		125,460
Public company compliance		**53,969**		89,300		**78,924**		139,118
Office		**37,460**		11,050		**65,292**		24,319
Directors’ fees		**22,625**		24,375		**43,000**		44,750
Insurance		**20,655**		13,354		**42,169**		24,500
Computer software		**18,986**		2,820		**34,358**		5,536
Maintenance		**6,075**		8,673		**18,152**		8,673
Doubtful debts provision		**-**		20,843		**2,462**		52,107
Total general and administrative	**$**	**1,094,072**	$	733,542	**$**	**2,080,378**	$	1,476,600

General and administrative expenses increased by $360,530 and $603,778 for the quarter and six months ended September 30, 2018, respectively, compared to the same periods in the prior year with variances in several cost categories.

Consulting fees increased by $69,980 and $147,041 for the quarter and six months ended September 30, 2018, respectively, compared to the same periods in the prior year. The majority of the increase relates to increased levels of required IT service as well as recruiting fees paid for various accounting and administrative roles filled during the six months ended September 30, 2018.

Salaries and benefits increased by $140,461 and $206,896 for the quarter and six months ended September 30, 2018, respectively, compared to the same periods in the prior year. Staff now total eleven employees with new hires in finance as well as newly created in-house support teams for both human resources and IT. These staff are required to support the growing organizational infrastructure. Salaries and benefits directly related to the implementation of the new enterprise resource planning ("ERP") have been capitalized and included in intangible assets.

Travel costs increased by $101,872 and $175,024 for the quarter and six months ended September 30, 2018, respectively, compared to the same periods in the prior year. This is due to increasing activity related to new business initiatives and alternative financing arrangements that the Company continues to explore.

Professional fees increased by $38,871 and $36,831 for the quarter and six months ended September 30, 2018, respectively, compared to the same periods in the prior year. The increases relate to an increase in accounting fees attributable to a proportionate increase in the Company's annual audit fees and fees incurred for quarterly reviews where there were no reviews performed prior to December 2017. Quarterly reviews provide an additional level of assurance for the users of the financial statements.

Rent and utilities increased by $46,617 and $71,673 for the quarter and six months ended September 30, 2018, respectively, compared to the same periods in the prior year. Year over year, the increase is attributable to the rental of new office space in Toronto effective April 1, 2018 for $3,000 monthly as well as monthly property taxes and utilities associated with the new buildings purchased from the Amnor Group Inc. on May 3, 2018.

Public company compliance decreased by $35,331 and $60,194 for the quarter and six months ended September 30, 2018, respectively, compared to the same periods in the prior year. Throughout fiscal 2018, the company incurred costs related to pursuing European opportunities with no similar initiatives undertaken this year. Offsetting the decrease is an increase in the proportionate recognition of the TSXV annual fee which is approximately an additional $8,500 in each quarter. The annual fee is based on the Company's issued and outstanding common shares which are considerably higher year over year.

Office expense increased by $26,410 and $40,973 for the quarter and six months ended September 30, 2018, respectively, compared to the same periods in the prior year due to the increase in staff and activity levels of the Company.

Computer software increased by $16,166 and $28,822 for the quarter and six months ended September 30, 2018, respectively, compared to the same periods in the prior year. This is predominantly attributable to the proportionate annual subscription costs for the ERP system that the company is currently implementing.

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 paying the new reduced rent. The subtenant's new rent payments have been consistently paid since reduction occurred. The Company is still pursuing collection of the original amounts owing.

Production Plant

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

	Quarter ended September 30		Six months ended September 30	
	2018	2017	**2018**	2017
Salaries and benefits	**$ 405,899**	$ 133,524	**$ 752,292**	$ 290,010
Rent and utilities	**86,449**	106,672	**175,308**	218,084
Maintenance	**89,305**	71,965	**133,193**	104,722
Supplies	**49,605**	-	**75,019**	2,600
Office	**25,938**	2,639	**40,370**	3,054
Travel	**12,947**	-	**32,015**	-
Security	**28,469**	-	**28,469**	-
Equipment and rentals	**6,014**	-	**10,075**	890
Product development	**-**	318	**-**	318
Total production plant	**$ 704,626**	$ 315,118	**$ 1,246,741**	$ 619,678

Total production plant salaries and benefits expense increased by $272,375 and $462,282 for the quarter and six months ended September 30, 2018, respectively, compared to the same periods in the prior year. In the prior year there were seven plant employees compared to twenty-three plant employees as of the six months ended September 30, 2018. The Company is focused on preparing for the commencement of production activity related to cannabis oil extraction.

Rent and utilities expense decreased by $20,223 and $42,776 for the quarter and the six months ended September 30, 2018 respectively compared to the same periods in the prior year. As the lease for the plant is with 1631807 Alberta Ltd. and 1631807 Alberta Ltd. is now a subsidiary of the Company, plant rent after May 3, 3018 is eliminated upon consolidation. This decrease in rent is offset by an increase in telephone and internet charges attributed to the addition of phone lines and internet band width to support the growth and scale up of activities at the plant.

Maintenance expense increased by $17,340 and $28,471 for the quarter and six months ended September 30, 2018 respectively compared to the same periods in the prior year. The Company has acquired a significant amount of new equipment through its capital expansion initiative and in an effort 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.

Increases in supplies and office expense over the same period in the prior year are related to the increased need for small tools, safety and office supplies to accommodate the increase in plant employees and scale up of activities associated with cannabis oil extraction.

Travel expenses relate to equipment scouting, employee training for the new ERP and costs associated with having a third-party equipment specialist to assist with the assembly of certain equipment.

Process Development

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

	Quarter ended September 30		Six months ended September 30	
	2018	2017	**2018**	2017
Salaries and benefits	**$ 257,827**	$ 123,814	**$ 502,403**	$ 227,219
Salary recovery - IRAP	**-**	(11,727)	**-**	(11,727)
Rent and utilities	**39,894**	33,373	**78,624**	67,670
Supplies	**35,893**	838	**78,133**	8,669
Consulting fees	**19,743**	-	**63,687**	-
Maintenance	**17,889**	4,667	**39,773**	4,667
Travel	**7,018**	6,169	**17,156**	12,345
Product development	**7,865**	2,101	**11,016**	2,801
Office	**3,179**	233	**7,130**	1,436
Equipment and rentals	**-**	3,521	**353**	6,367
Production materials	**-**	-	**-**	723
Total process development	**$ 389,308**	$ 162,989	**$ 798,275**	$ 320,170

Process development salaries and benefits increased by $134,013 and $275,184 for the quarter and six months ended September 30, 2018, respectively, compared to the same periods in the prior year. The increase includes salary adjustments for existing staff as well as increases in total staff to thirteen employees. This compares to five employees at the end of Q2 fiscal 2018.

Supplies expense has increased by $35,055 and $69,464 for the quarter and six months ended September 30, 2018, respectively, compared to the same periods in the prior year. The increase relates to development and applications in relation to anticipated cannabis oil extraction early in calendar 2019.

Consulting fees for the quarter were $19,743 and $63,687 for the quarter and six months ended September 30, 2018, respectively, compared to the same periods in the prior year. These costs relate to the engagement of technical consulting services for development and applications beyond resources available internally.

Maintenance expense has increased by $13,222 and $35,106 for the quarter and six months ended September 30, 2018, respectively, compared to the same periods in the prior year. The Company has acquired a significant amount of new equipment through its capital expansion initiative and in an effort to keep this highly specialized equipment in optimal performance condition, an ongoing preventative maintenance program has been put in place related to the laboratory equipment portfolio. Additionally, repairs were performed related to duct work and temperature control in the laboratory storage area in the first quarter of the year.

Business Development

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

	Quarter ended September 30		Six months ended September 30	
	2018	2017	**2018**	2017
Consulting fees	**$ 181,133**	$ 64,059	**$ 320,949**	$ 131,847
Travel	**59,778**	35,481	**147,413**	67,245
Salaries and benefits	**29,507**	35,658	**94,743**	71,315
Salary recovery - IRAP	**-**	(7,818)	**-**	(7,818)
Marketing material	**21,673**	-	**52,606**	-
Utilities	**3,088**	-	**3,486**	-
Office	**155**	1,098	**2,574**	2,387
Supplies	**-**	-	**117**	-
Total business development	**$ 295,334**	$ 128,478	**$ 621,888**	$ 264,976

Business development expenses increased by $166,856 and $356,912 for the quarter and six months ended September 30, 2018, respectively, 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 was increased over the last twelve months. As well, salaries and benefits include a bonus initiative paid for successful on-boarding of new customers. Significant travel and the development of marketing materials were also incurred pursuing these opportunities and initiatives.

Corporate Development

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

	Quarter ended September 30		Six months ended September 30	
	2018	2017	**2018**	2017
Consulting fees	**$ 276,334**	$ 58,040	**$ 483,406**	$ 73,027
Travel	**63,934**	17,019	**127,974**	28,055
Total corporate development	**$ 340,268**	$ 75,059	**$ 611,380**	$ 101,082

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.

Depreciation and Amortization

Depreciation and amortization increased by $162,907 and $263,035 for the quarter and the six months ended September 30, 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, computer hardware, leasehold improvements, building and improvements, land and improvements, and office furniture. 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.

Financing Fees

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

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

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 supportive of both transactions:

- 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. Radient's interest on the loan from April 1 to May 3, 2018 was $5,655 which is lower than the amount paid in the period ending September 30, 2017 of $30,048.
- 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. During the six months ended September 30, 2018, $47,221 of the costs have been amortized. 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 and was $111,644 for the three months and $183,689 for the six months ended September 30, 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.

Arrears interest accrued in Q4 2017 was settled and resulted in a reversal of $30,957 of the originally accrued amount. This recovery is disclosed with other financing fees above.

Included in the quarter and six months ended September 30, 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.

Quality Control and Assurance

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

	Quarter ended September 30		Six months ended September 30	
	2018	2017	**2018**	2017
Salaries and benefits	**$ 207,070**	$ 92,108	**$ 361,415**	$ 125,032
Salaries and benefits capitalized	**(108,643)**	-	**(133,643)**	-
Supplies	**26,226**	-	**46,329**	-
Consulting fees	**-**	-	**45,750**	-
Third party testing	**9,390**	-	**17,829**	-
Maintenance	**8,518**	4,733	**15,223**	4,733
Office	**809**	162	**6,695**	404
Travel	**942**	-	**3,094**	-
Product development	**2,482**	-	**2,482**	-
Rent and utilities	**29**	-	**484**	-
Total quality control and assurance	**$ 146,823**	$ 97,003	**$ 365,658**	$ 130,169

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. By September 30, 2017, the department consisted of five employees steadily growing throughout the last twelve months to eleven employees in the current quarter. With the increase in staff and their related activities, a modest amount of additional expenses is also being experienced. Specifically, supplies, maintenance, office and travel expenses relate to analytical testing, vendor qualification, and control applications in relation to anticipated cannabis oil extraction and testing originally expected later in calendar 2018 but which is now expected to occur early in calendar 2019. The Company has also engaged third party laboratory-based testing companies to test and certify material and products.

In planning for cannabis oil extraction, one of the primarily focuses of the department in the current quarter, was preparation activities related to the ACMPR license which was expected to be secured in October. Salaries and benefits related to this initiative have been capitalized and included with prepaid expenses where upon successful receipt of the license will be added to the Company's intangible assets.

Consulting fees for the six months ended September 30, 2018 are $45,750. These fees relate to recruiting costs for various quality control and assurance roles, as well as utilization of out-sourced services for standard operating procedure development.

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 increased by $129,493 and $152,165 for the quarter and the six months ended September 30, 2018, respectively, compared to the same periods in the prior year. This is mainly driven by interest earned on excess cash. In the prior year, $19,544 was recognized related to the Industrial Research Assistance Program (IRAP) and was included in interest and other income. This amount was reclassified to net against the expenses to which it relates within business development and process development.

Rental Income

Rental income decreased by $17,491 and $40,619 for the quarter and the six months ended September 30, 2018, respectively, compared to the same periods in 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 will 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 $488,708 and $821,337 for the quarter and the six months ended September 30, 2018, respectively. New stock option grants for the six months ending September 30, 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 which are the typical vesting terms of the Company. The share-based payments recognized on this new grant are $326,466 for the three and $432,637 for the six months ended September 30, 2018.

Share based payments were $365,422 and $4,294,466 for the quarter and the six months ended September 30, 2017, respectively. Stock option grants for the six months ending September 30, 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 $245,315 in the second 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 in the three months ended September 30, 2017.

Allocation of Related Company (Loss) Income

Radient acquired the remaining shares in 1631807 Alberta Ltd., resulting in 100% ownership as of May 3, 2018. The allocation of related company (loss) income relates to the period from April 1, 2018 to May 3, 2018. The loss of $45,032 experienced during this period was predominantly due to various one-time costs associated with the transaction.

Liquidity and Capital Resources

Summary of Financial Position

		September 30, 2018		March 31, 2018
Non-current assets	**$**	**20,697,033**	$	5,966,400
Current assets		**46,338,105**		24,046,254
Current liabilities		**(2,791,636)**		(2,016,369)
Total assets less current liabilities	**$**	**64,243,502**	$	27,996,285
Non-current liabilities		**6,573,331**		2,124,160
Shareholders' equity		**57,670,171**		25,872,125
	$	**64,243,502**	$	27,996,285

Non-Current Assets

Non-current assets increased by $14,730,633 at September 30, 2018, as compared to March 31, 2018, which is attributable to:

Plant and Equipment

Plant and equipment increased $15,306,426 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 $7,157,762 of additions related to the Company's capital expansion projects and other corporate capital requirements. Plant and equipment was depreciated by $484,465 during the six months ended September 30, 2018.

Long-term Prepaids and Deposits

Long-term prepaids and deposits increased by $372,064 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

Intangible assets increased by $171,158 with continued investment in the Company's ERP system as well investments related to website development and software additions required by the Company as it positions for expected growth later in the current fiscal year.

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 $22,291,851 at September 30, 2018 as compared to March 31, 2018, which is attributable to:

Cash

The Company's cash balance increased by $21,223,473, primarily due to proceeds received from the brokered and private placements of $34,202,759, net cash received on long-term debt of $5,273,338, proceeds received from the exercise of warrants of $2,217,734, and proceeds from the exercise of stock options of $264,515. This increase is offset by cash requirements for operating activities of $5,995,404, cash purchases of plant and equipment of $6,950,057, 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 $1,388,692, share issuance costs of $2,384,127, patent initiatives of $397,064, interest and pay-out penalties of $265,056, and the investment in intangible assets of $186,238.

Prepaids and Deposits

Prepaids and deposits increased by $675,116 during the six months ended September 30, 2018. This is primarily due to additional deposits on production equipment ordered but not yet received, costs incurred related cannabis license application preparations, efforts related to European opportunities, prepaid interest on the Moskowitz loan 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 $118,466 in accounts receivable. The majority is attributable to the increase of $115,642 in the GST receivable. The GST receivable balance relates to August and September amounts owing from the Canada Revenue Agency of which the August amount was received by the date of this MD&A. The increase from the March 31, 2018 balance is relating 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 $274,796 in inventory. The majority of this increase is due to materials purchased in relation to the anticipated cannabis oil extraction activities expected to occur upon receipt of the Company's Standard Processor's License. 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 $775,267, compared to the balance at March 31, 2018. Accounts payable and accrued liabilities increased by $964,620 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 $104,879 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 $4,449,171, which is mostly attributable to the new Moskowitz loan which accounts for an increase of $5,433,890 of which $5,500,000 is the principle portion net of $66,110 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 September 30, 2018 increased by $31,798,046 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 4,294,356 warrants for total proceeds of $2,217,734, an issuance of 2,799,639 common shares related to assets purchased of $3,883,886, the exercise of 405,715 options for total proceeds of $264,515, and an issuance of 120,611 common shares related to shares issued for $154,342 of services rendered. As well, the Company recorded share-based compensation of $821,337. These increases were offset by share issuance costs of $2,384,127 and the recognition of a net loss of $7,362,400 for the six months ended September 30, 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:

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

Commitments for Expenditure

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

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

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 and are not disclosed in this note.

Details of the related party transactions follow:

Key Management Personnel and Director Remuneration

The remuneration of directors and key management personnel follows:

	Quarter ended September 30		Six months ended September 30	
	2018	2017	**2018**	2017
Compensation	**$ 228,125**	$ 191,828	**$ 454,000**	$ 433,870
Short-term benefits	**6,185**	6,121	**12,370**	12,242
Share-based compensation	**69,574**	265,807	**167,117**	2,970,026
	$ 303,884	$ 463,756	**$ 633,487**	$ 3,416,138
Number of stock options issued	**-**	-	**-**	5,821,102
Weighted average exercise price	**$ -**	$ -	**$ -**	$ 0.66

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

As at September 30, 2018, $46,957 (March 31, 2018 - $106,895) was included in accounts payable and accrued expenses for amounts owing to key management personnel, directors and companies controlled by key management personnel or directors.

Equity Transactions

During the Six Months Ended September 30, 2018

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

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.

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 other financial liabilities for valuation purposes. Other financial liabilities are measured initially at fair value and subsequently at amortized cost using the effective interest method. The fair value of accounts payable and accrued liabilities approximates their carrying amount due to their short-term nature. The fair value of loans and borrowings approximates their carrying value as the interest rates 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 loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The fair value of cash, accounts receivable, deposits and advances to/from related company approximates their carrying value due to their short-term nature.

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

IFRS 15 - Revenue from Contracts with Customers

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

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

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 loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables 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. The subtenant has vacated the majority of the leased premises but continues to occupy a small amount of space. The subtenant's new rent payments have been consistently paid since the rent reduction occurred. The Company continues to pursue collection of the full balance owed.

As at September 30, 2018, $348,151 (March 31, 2018 - $373,393) of the trade accounts receivable balance of $502,600 (March 31, 2018 - $497,313) was past due. $348,151 of the past due amount less Goods and Services Tax (GST) of $16,579 is impaired and has been allowed for. The GST portion of $16,579 (March 31, 2018 - $16,456), billed but not yet collected, can be recovered. Other receivables at September 30, 2018 consist primarily of GST $191,877 (March 31, 2018 - $76,235).

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

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

Foreign Exchange Risk

The Company earns certain revenues and incurs certain operating expenses and capital expenditures in U.S. dollars. Accordingly, the fluctuations in the exchange rate between the U.S. and 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 the U.S. dollar relative to the Canadian dollar as at September 30, 2018. The analysis is based on financial assets and liabilities denominated in US dollars (“balance sheet exposure”).

(in U.S. dollars)		**September 30, 2018**
Cash	**$**	**338,909**
Accounts receivable		**-**
Accounts payable and accrued liabilities		**(185,541)**
Total balance sheet exposure	**$**	**153,368**

The translation rate as at September 30, 2018 was 1.2945. Based on the Company’s balance sheet exposure noted above, with other variables unchanged, net income would change by $1,985 for each one percent change in the foreign exchange rate.

Interest Rate Risk

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

For the period ended September 30, 2018, the increase or decrease in annual net income for each one percent change in interest rate on the variable rate long-term debt would amount to $62,246 (2017 - $7,680).

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 late calendar 2016, the Company entered into the cannabinoids market by applying for the relevant accreditation and permits from the Canadian Government for conducting research and the eventual commercial production of standardized cannabinoids extracts. Since the initiation of this regulatory process, the Company received both of its Dealer's licenses which allow it to conduct cannabis research and testing. However, as noted earlier, the Company did not receive its ACMPR license, which would allow commercial production, prior to the effective date of the new Canadian regulations (October 17, 2018). As a result, Radient is required to demonstrate compliance with the new regulations and re-apply for a Standard Processor license. Delays in receipt of a license could have severe impacts on the Company's ability to generate profits in the short-term. As well, as there can be no assurance that Health Canada will grant the license, the longer-term business, financial condition and operating results of the Company could be materially adversely affected.

Fully understanding the new requirements and ensuring that every effort is made to quickly meet these requirements is key to the Company's risk mitigation strategy. The most significant impact of the new regulations is the required security clearance for a larger scope of individuals including the Board of Directors and Executive Officers of parent companies, Quality Assurance Person, Alternate Quality Assurance Person, Head of Security and Alternate Head of Security. Additionally, operational personnel were added to the application to ensure suitable coverage for potential 24-7 production. To reduce the potential for unnecessary delays, the Company communicated in the application, as well as during a subsequence teleconference, that the operational clearances could be removed from the application if they were a barrier or delay to an expeditious licencing decision. As well, it is understood that security clearance of late phase applicants, like Radient, would process as a priority above new applicants or applicants that have not demonstrated previous compliance. Health Canada has also announced new measures for applicants that were issued a Confirmation of Readiness prior to October 16, 2018. On November 19, 2018, Radient received a Confirmation of Readiness from Health Canada and is a step further in the pre-licensing and approval process. The Company believes that the new measures which include granting initial security clearances based on a reduced set of requirements will also apply to Radient. Further mitigation strategies, such as removal of individuals from the mandatory security clearance positions could be completed if necessary.

Outstanding Share Data

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

Common shares issued and outstanding: 264,925,801

Fully diluted capital: 321,149,839

Stock Options

14,899,169 are issued and outstanding with a weighted average exercise price of $1.12. Each stock option entitles its holder to purchase one common share of the Company with varying expiry dates up to June 23, 2024.

Finders' Options

1,694,290 finders' options with a weighted average exercise price of $1.17 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 1,694,290 common shares and 847,145 common share purchase warrants entitling the holder to subscribe for additional common shares at a weighted average price of $1.47 per common share until July 31, 2020.

Warrants

38,783,434 are issued and outstanding with a weighted average exercise price of $0.92. 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 year ended March 31, 2018, the Company approved multiple share for service agreements with third parties in exchange for business development and consulting services. Pursuant to the terms of the agreements the Company may issue common shares in exchange for a maximum of $352,000 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 six months ended September 30, 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.