



Management's Discussion & Analysis

Quarter ended June 30, 2018

Dated August 27, 2018

August 27, 2018

This Management Discussion and Analysis (“MD&A”) for Radiant Technologies Inc. (the “Company” or “Radiant”) should be read in conjunction with Radiant’s unaudited interim condensed consolidated financial statements and related notes for the three months ended June 30, 2018 and the MD&A and audited consolidated financial statements for the year ended March 31, 2018. The statements and additional information about Radiant 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.

CORE BUSINESS AND STRATEGY

Radiant Technologies Inc. (“Radiant”) was initially incorporated on June 12, 2001 pursuant to the provisions of the Company Act (British Columbia), transitioned pursuant to the provisions of the Business Corporations Act (British Columbia) on July 7, 2004 and was continued under the Canada Business Corporations Act on February 3, 2010. On May 22, 2014, pursuant to a plan of arrangement, Radiant amalgamated with Madison Capital Corporation, a Capital Pool Company (“CPC”) as defined pursuant to Policy 2.4 of the TSX Venture Exchange, 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 “Radiant Technologies Inc.” This transaction constituted the qualifying transaction of Madison in accordance with the requirements of the TSX Venture Exchange Policy 2.4 – *Capital Pool Companies*. Radiant has two wholly-owned subsidiaries, Radiant Technologies (Cannabis) Inc. (“RTC”) and 1631807 Alberta Ltd. Radiant trades on the TSX Venture Exchange under the symbol “RTI”.

Radiant manufactures high-value natural ingredients for global customers in the Food and Beverage, Nutrition and Supplements, Pharmaceuticals and Active 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, Radiant creates these natural ingredients at lower cost, higher quality, and at greater throughput than competing methods. MAP™ is Radiant’s patented, core technology.



Background

Radiant 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 beverage and personal care industries.

Vizon was a scientific research and development company and technology incubator located in Vancouver, British Columbia, specializing in consulting and applied research and development in the areas of plant biotechnology, health and safety, transportation, specialized chemical analysis and chemical and environmental process development. In 1999, Vizon acquired a license to MAP™ from Environment Canada giving it the right to use, market and sub-license the technology for the field of industrial-scale extraction processing of organic matter. At the time of Radiant's inception, Dr. Splinter was leading Vizon's activities in chemical and environmental process development.

In 2002, concurrent with an initial seed investment from select angel investors, Radiant entered into an agreement with Vizon to acquire the rights to the MAP™ license Vizon had with Environment Canada. In consideration for rights to the license, other intangible assets and a cash contribution, Radiant issued common shares to Vizon and began operations in laboratory and pilot plant facilities located within an Environment Canada facility in Burlington, Ontario. Access to these facilities was provided under the terms and conditions of the original license agreement between Radiant and Vizon granting a sub-license to Radiant for Radiant to use the MAP™ technology. In 2003, Radiant raised a first round of venture capital financing, led by Foragen Technologies Limited Partnership, a Canadian life-sciences venture capital fund. Additional management and technical personnel were hired, a marketing and sales program was initiated, and proofs of concept and pilot-scale testing of various products were undertaken for third parties, proving the broad scale applicability and scalability of the technology across various natural product classes. In 2005, Radiant signed its first supply agreement with a US-based biopharmaceutical company to supply a purified pharmaceutical raw ingredient extracted and isolated from a natural plant source using the MAP™ technology for use as an intermediate to an experimental oncology drug entering clinical trials.

In 2006, Radiant migrated to its own leased laboratory and pilot plant facilities in North York, Ontario and Whitby, Ontario, respectively. During this period, Radiant continued to successfully commercialize its technology platform to produce the higher value, higher margin pharmaceutical intermediate, while simultaneously continuing to grow the pipeline of prospective customers and demonstrate a higher value proposition of the technology versus conventional processes. From 2003 to 2009, Radiant grew revenues from nil to \$1.8 million and processing demands began to exceed the capacity of its Whitby pilot plant. In 2008, the decision was made to consolidate operations and scale up production capacity to meet customer requirements and to demonstrate the technology at a meaningful industrial scale.

In 2009, Radiant commissioned the design and construction of a new, demonstration-scale MAP™ extraction facility, to be based in Alberta, designed to process up to 5 tonnes of biomass material per day. Alberta was deemed to offer unique infrastructure and expertise that was of strategic interest to Radiant, including access to unique bio-processing research infrastructure, proximity to biomass feedstocks of interest to Radiant's strategic partners and a critical mass of research and processing expertise. Radiant moved into new headquarters and laboratory space in Edmonton and began construction of the Edmonton production facility in late 2010. The Edmonton production facility is designed to be Good Manufacturing Practises (GMP) compliant for natural health products.



On May 22, 2014, pursuant to a plan of arrangement, Radiant amalgamated with Madison Capital Corporation, a Capital Pool Company (“CPC”) as defined pursuant to Policy 2.4 of the TSX Venture Exchange, 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 “Radiant Technologies Inc.”. This transaction constituted the qualifying transaction of Madison in accordance with the requirements of the TSX Venture Exchange Policy 2.4 – *Capital Pool Companies*.

In December 2016, Radiant signed a Memorandum of Understanding (“MOU”) with Aurora Cannabis Inc. (“Aurora”) to evaluate an exclusive partnership for the Canadian market regarding the joint development and commercialization of high quality and standardized cannabinoid extracts. In January 2017, the two companies, pursuant to the MOU, entered into a joint venture research agreement to confirm the effectiveness of MAP™ technology for the extraction of cannabinoids. As part of the agreement, Aurora invested \$2,000,000 into Radiant via a convertible debenture.

In February 2017, the companies announced that preliminary assessments produced encouraging results. As a result, the research collaboration was furthered to a second phase, which involved preliminary scale up activities and testing. The second phase was completed, and results announced on June 5, 2017. At that time, Aurora provided notice to the Company that it wished to pursue a definitive exclusive agreement.

On July 28, 2017, the convertible debenture of \$2,000,000 was converted pursuant to the acceleration provisions contained therein into 14,285,714 units of the Company. These units included the issuance of 14,285,714 common shares and 14,285,714 common share purchase warrants exercisable prior to February 13, 2019 for one additional common share of the Company at an exercise price of \$0.33.

During the year ended March 31, 2018, 181,707 units of the Company were issued in exchange for \$91,096 of interest payments due up to the conversion date of July 28, 2017. These units included the issuance of 181,707 common shares and 181,707 common share purchase warrants exercisable prior to February 13, 2019 for one additional common share of the Company at weighted average exercise price of \$0.50. Units were issued based on the closing market price of the Company’s common shares on the dates the interest payments were made which is also the exercise price of the warrants.

On November 6, 2017, the Company announced that it had finalized a Master Services Agreement (“MSA”) with Aurora, 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. The agreement will cover services delivered in Canada, Australia, and the European Union with Aurora having the right to negotiate with the Company to expand the jurisdictions covered. Within the covered jurisdictions, the Company will deliver its services under preferential terms to Aurora. On February 5, 2018, the Company announced it had received its Licensed Dealer status for its research laboratory which will allow it to work with cannabis for research and development and analytical testing purposes. As well, the Company will be able to commence production of cannabis extracts in its manufacturing facility, as contemplated under the Aurora MSA, upon obtaining Licensed Producer or Licensed Dealer status from Health Canada expected later in calendar 2018.

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%. Terry Booth, Founder and CEO of Aurora, was appointed to the board of directors of Radiant pursuant to certain rights granted to Aurora under the Investor Rights Agreement.



On December 12, 2017, the Company announced that Aurora completed an additional \$12 million investment in Radiant. The investment was structured as follows:

- Aurora exercised all 15,856,321 common share purchase warrants previously held by Aurora for total proceeds of \$5.8 million; and
- Aurora participated in a private placement with the Company. A total of 4,541,889 units were issued at \$1.37 per unit for gross proceeds of \$6.2 million. These units included issuance of 4,541,889 common shares and 4,541,889 common share purchase warrants with each warrant exercisable for \$1.71 for a period of 24 months.

As of June 30, 2018, Aurora held 37,643,431 common shares and 4,541,889 common share purchase warrants of Radiant representing approximately 16.41% of the issued and outstanding Common Shares and 15.29% of the issued and outstanding Common Shares on a fully-diluted basis.

Additionally, on December 11, 2017, the Company announced the signing of an MSA with Terra Life Sciences group ("TLS") pursuant to which the Company has agreed to perform certain services for TLS using its proprietary MAP™ technology, in relation to supply of standardized cannabis extracts.

On February 22, 2018, the Company was named to the 2018 TSX Venture 50 list of companies. The Venture 50 are the top ten companies listed on the TSX Venture Exchange 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. Radiant was ranked #1 of the 10 companies to have qualified within the diversified industries sector.

On February 26, 2018, the Company announced the signing of an MSA with Bonify pursuant to which the Company has agreed to perform certain services for Bonify using its proprietary MAP™ technology, in relation to supply a variety of cannabis extracts. The agreement has an initial term of five years, with an option for Bonify to renew the agreement for an additional five years.

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 Radiant. Pursuant to this transaction, Radiant issued 1,246,449 Common Shares to Amnor Group Inc. as consideration for a 100% ownership in the JV Company.



On May 3, 2018, 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 Radiant's production facility. The Adjacent Lands were purchased for the future expansion of Radiant'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. As consideration for the Adjacent Lands, Radiant issued 1,553,190 common shares to Amnor Group Inc., equivalent to \$4.2 million less the existing mortgage of \$2.2 million on the closing date of the transaction. 1631807 Alberta Ltd. also secured a \$5.5 million mortgage from Moskowitz Capital Mortgage Fund II Inc. (the "Mortgage"). 1631807 Alberta Ltd. used the proceeds of the Mortgage to repay the \$2.4 million mortgage from BDC Canada on the existing production facility as well as the \$2.2 million mortgage on the Adjacent Lands on the closing of both transactions. The Mortgage has a term of 24 months with monthly interest payments calculated at the greater of 8.50% or the Bank of Nova Scotia Prime Rate plus 5.05% per annum. The Mortgage is secured by the production facility and the Adjacent Lands.

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 Radiant's continuous-flow microwave-assisted processing (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 Radiant'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.

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.

On July 5, 2018, the Company entered into an underwriting agreement with a syndicate of underwriters including Canaccord Genuity Corp. (the Lead Underwriter), GMP Securities L.P. and Laurentian Bank Securities Inc. for a bought deal offering of 18,000,000 units of the Company at a price of \$1.20 per unit for aggregate gross proceeds of \$21,600,000. Each unit consists of one common share and one-half of one common share purchase warrant, exercisable within two years from the closing date of the offering at a price of \$1.50 per share. Each warrant is exercisable to acquire one additional common share. The warrants will expire within 30 days' notice to the warrant holders through a news release issued by the Company if the volume weighted average price of the Common Shares exceeds \$2.25 for 20 consecutive trading days. Further, the underwriters have been granted the option to purchase up to an additional 2,700,000 units at \$1.20 per unit at any time up to 30 days from the closing date of this offering. As compensation, the Company has agreed to pay to the underwriters a cash commission equal to 6% of the gross proceeds from this offering and will issue to the underwriters, compensation options to purchase such number of units as is equal to 6% of the aggregate number of units sold at an exercise price of \$1.20 within two years of the closing date. On July 31, 2018, the Company closed the bought deal offering and issued 20,700,000 units of the Company (which includes 18,000,000 units and the over-allotment of 2,700,000 units) at \$1.20 per unit for total proceeds of \$24,840,000. Compensation remains as described above.



Concurrently with the bought deal offering announced on July 5, 2018, the Company arranged a private placement for aggregate gross proceeds of up to \$15,000,000 (12,500,000 units at \$1.20 per unit). This private placement can be increased to \$25,000,000 (20,833,333 units at \$1.20 per unit) with the consent of the Lead Underwriter. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$1.50 within two years from the closing date. The expiration date can be accelerated if the Company provides the warrant holders 30 days notice should the weighted average price of the common shares exceed \$2.25 for 20 consecutive trading days. The Company will compensate eligible finders a cash commission equal to 6% of the gross proceeds raised and finder warrants equal to 6% of the number of units sold by the finder. Each finder warrant will entitle the holder to purchase one common share at a price of \$1.50 within two years from the closing date. Shares bought through private placement will be subject to a statutory hold period of four months plus one day from the closing date. On July 31, 2018, the Company closed the first tranche of the private placement and issued 7,802,299 units at \$1.20 per unit for gross proceeds of \$9,362,759. In connection with this tranche, the Company paid finder's fees totaling \$458,748 in cash and issued 382,290 finder warrants.

Plant Expansion

In fiscal Q3 2018, to facilitate its initial cannabis extraction and oil production, the Company began a \$7 million expansion of the facility to 1) provide dedicated cannabinoid extraction capacity over and above existing plant capacity and 2) to provide this capacity in an ACMPR compliant manner including all appropriate security measures. As announced on July 25, 2018, the expansion is substantially complete. The Company submitted the confirmation of readiness for its ACMPR Producers Licence in August 2018. The installation of production equipment as well as related qualification and process validation are scheduled to occur through the remainder of calendar 2018.

The actual budgeted cost of the expansion exceeded the initial estimates released by the Company: (i) on August 28, 2017 in connection with the Company's June 30, 2017 quarterly results (\$1.5 to 2 million) and (ii) on November 28, 2017 in connection with the Company's September 30, 2017 quarterly results (\$3.5 to 4 million). The estimate released by the Company on August 28, 2017 assumed that the Edmonton Manufacturing Facility would have security upgrades across the entire facility. However, as the project developed, the Company determined that modification of equipment would also be required (resulting in the \$3.5 to 4 million estimate). Finally, the Company determined that in order to properly address issues of cross contamination of products and to comply with ACMPR requirements for security and Good Production Practices, a 3,000 square foot addition to the building would be required, resulting in the budget of approximately \$7 million.

As at the date of the MD&A, the Company estimates that actual costs to complete the project, including the equipment so associated, will be \$8 million. The increase is attributable to short-term and one-time costs incurred during construction and commissioning to ensure timely completion, including additional material and equipment purchases, accelerated shipping and overtime.

The Technology

Radiant's MAP™ technology is based on a method of transferring energy to a material that is fundamentally different from any other conventional process. MAP™ involves the selective and localized heating of the moisture present in all-natural materials using a very familiar energy source: microwaves. This instant volumetric heating of the biomass and solvent mixture results in a rapid buildup of pressure within 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.

In general, microwaves interact with materials in three ways:

1. reflective materials such as metals do not heat (i.e. they do not absorb energy, but rather reflect the energy);
2. transparent materials such as non-polar liquids do not heat or reflect, and microwaves pass right through them and are only absorbed to a small extent; and
3. absorptive materials such as water, absorb microwaves and are heated.

The ease, or degree by which a particular material will absorb microwave energy is determined by the dielectric properties of the material. Microwaves do not heat by the conventional processes of convection, conduction and radiation phenomena through the external material surface but rather by direct molecular interactions with the electromagnetic field via dielectric loss. The dielectric properties of the material (i.e. dielectric constant and loss factor) determine how much of the microwave energy is absorbed and dissipated as heat. Water, in particular, is a strong absorber of microwave energy. It has a large dielectric constant, meaning it absorbs microwave energy more efficiently than the target compounds and much more efficiently than the surrounding liquid solvent. It is this ability to selectively deposit microwave energy into different parts of a complicated chemical system that is at the core of Radiant's MAP™ technology.

An important element of MAP™ is that the driving force for extraction is not limited to the process of diffusion. Conventional solid-liquid extraction involves soaking, washing or contacting the solid material with usually hot (i.e. 50°C to 80°C) solvent to extract the target compounds. Extraction occurs by diffusion, meaning that the only driving force for the process is the concentration gradient of the product between the source material and the solvent. With MAP™, the microwave energy is selectively absorbed by the residual water present in the biomass. This creates a very rapid temperature increase within the biomass cells, leading to pressure build-up and, in some cases this can cause cell rupture, forcing the contents out into the surrounding cool solvent by a pressure-enhanced mass transfer. This mass transfer may be further enhanced by the fact that the thermal gradient is in the same direction as the mass transfer. In all extraction processes, mass transfer occurs from the inside of the biomass to the outside solvent. In conventional extraction, heat transfer occurs from the outside to the inside of the material. With MAP™, however, there is a volumetric in-core heating of the moisture in the biomass while the solvent remains relatively cool, leading to a heat gradient in the same direction as the mass transfer.

Conventional Extraction v. Microwave Assisted Extraction

Another key aspect of MAP™ is the fact that Radiant understands that it is the microwave energy density and, more specifically, the electric field strength that can be a very important factor in achieving desired results. The heating rate within the core of the biomass is directly proportional to the energy density of the applied microwave. This energy density is in turn determined by the applied power at the chosen frequency (driven by the microwave generator), by the dielectric properties of the biomass being treated and – importantly – by the electric field strength. The latter is influenced only by proper equipment (i.e. microwave cavity) design and control. Much of Radiant's intellectual property is centered on the use of properly focused microwave energy having a generally uniform energy density level to achieve the desired high field control. These features are captured, for example, in Radiant's proprietary large-scale continuous flow MAP™ extractor design.

Finally, a further important feature of Radiant's MAP™ technology is the ability to effect precise control over extraction time and temperature, both of which greatly affect extract purity and profile. A key feature of microwaves is that they allow for instant, volumetric heating by direct molecular interactions with the electromagnetic field. Radiant's continuous-flow MAP™ extractor has been designed such that the application of controlled energy-density microwaves to the continuously-flowing material enables precise control of temperature and extraction time. It also ensures that any possible effects of excessive heating can be minimized and that all material is extracted for the same time at the same temperature. This level of control is not possible to achieve at large scale with different techniques. Conventional methods, which require heating by the normal processes of convection, conduction and radiation phenomena through hot external surfaces, require significant time when applied at scale and thermal gradients are inevitable meaning certain parts of the material experiences different temperature than others at various times.

Competitive Advantages

When compared to competing conventional extraction methods, Radiant's MAP™ platform offers some combination of the following competitive advantages:

- much faster extraction rates leading to reduced processing time, increased throughput and reduced processing and capital costs;
- efficient "single stage" extraction leading to increased overall recovery / yield of valuable active compounds and reduced solvent and energy usage;
- reduced heat degradation of sensitive molecules leading to improved products;
- improved extraction selectivity and purity leading to novel, differentiated products;
- improved solvent flexibility leading to the potential to replace solvents with more acceptable alternatives;
- ease of commercial scalability; and
- improved customer acceptance of products made through "cleaner, greener" technology

These technical improvements manifest themselves as distinct product or process advantages and create Radiant's core value proposition of improving existing products, reducing costs, and enabling potential novel, differentiated products while consistently offering improved environmental benefits. Further details with respect to each of these advantages are provided below.

By significantly reducing extraction time, often from hours to minutes, it is possible to increase throughput, thereby reducing plant time and so lowering labour and overhead costs per unit of product produced. At the same time, the reduced plant time required for extraction opens the door to the possibility to use the freed-up plant time to perform efficient downstream purification and isolation steps that may not be economical with conventional methods.

Further, conventional diffusion-driven solvent extraction processes are slow and eventually reach an equilibrium point before full exhaustion of the active of interest from the biomass. To achieve a reasonable yield, therefore, it is usually necessary to extract in multiple "stages", often with fresh solvent in each stage, leading to high solvent usage, high energy consumption to recover the large amount of solvent from the product, and reduced purity of the active of interest in the final extract. With MAP™, on the other hand, the pressure-driven mass transfer is not as influenced by the equilibrium state. Mass transfer continues as long as energy is applied and so it is often possible to achieve efficient, full extraction in a single stage, leading to reduced solvent and energy usage and better crude extract properties.

With MAP™, the microwave energy is selectively deposited in the core of the biomass while the surrounding solvent absorbs less energy and remains relatively cool. Because of this, thermally unstable compounds spend only a brief time at elevated temperature and so, in some cases, less degradation is observed, and higher purity final products can be prepared. Similarly, with MAP™, there are more processing variables available to manipulate. In addition to solvent composition, temperature and extraction time, the applied microwave energy and power density, microwave duration and post-microwave diffusional mixing can be varied to, in some cases, achieve more selective extractions leading to different product profiles. In addition, because the extraction step is fast and efficient, alternative processing schemes can be devised, for example extracting a first in one solvent system to first recover compounds of a particular chemical property – or remove unwanted impurities - and then re-extracting the first-extracted biomass in a different solvent system to recover additional valuable compounds, often at a higher purity. Such a scheme is often not economically feasible when the extraction step is long and inefficient.

In any extraction method, the selection of the solvent to be used in the process can be an important factor in the success of the process. With MAP™, however, there is more flexibility and much greater opportunity to effect improved extraction results by proper solvent selection than with any other conventional extraction process. In both conventional and MAP™ processing, the solvent selection depends on the solubility of the compounds of interest along with other properties such as solvent penetration into and its interaction with the biomass. With MAP™, another important aspect not relevant to conventional extraction is the ability of the solvent to absorb and dissipate the microwave energy. The capacity of the solvent to absorb microwave energy is related to its dielectric properties (dielectric constant and dielectric loss). In general, low polarity solvents such as hexane are almost completely transparent to microwave energy while higher polarity solvents such as ethanol can absorb and dissipate more. In this context, there is an opportunity to be more flexible than conventional processes by understanding the impact of dielectric properties on the microwave interaction and using this to advantage. For example, the dielectric properties can be modified when combining different solvents (allowing for varying solvent selectivity for different compounds) or additions of small amounts of water or even salts to the mixture to increase heating rates. These properties can therefore often be manipulated to achieve different results than are possible with conventional processes.

The MAP™ process is also easily scalable to industrial-relevant production requirements. Because the extraction rates are fast, the equipment can be relatively small and therefore capital costs can be relatively low. Further, Radiant's industrial-scale extractor is a continuous flow extractor which comes with several benefits. First, this design allows for increased flexibility with respect to operation. The contact time between the biomass and solvent before, during and after microwave treatment can be adjusted much more easily and it is possible to precisely control biomass residence time in the microwave zone and – if desired – separate the biomass from the solvent very quickly after treatment or continue contact for any length of time at any temperature, depending on the desired outcome. Finally, this approach lends itself well to scale-up. The continuous flow approach eliminates the requirement for having geometric similarity between scales (i.e. the equipment shape, and dimensions do not have to scale proportionately). Classically, even geometric similarity does not ensure thermal similarity in scaled systems – for example, heat transfer is an interface-controlled process and so the surface area relative to the volume is critical. As volumetric scale increases, the area relative to the volume decreases and the overall efficiency of heat transfer can decline considerably. There is no thermal inertia with microwaves, on the other hand. Since penetration depth is not an issue with the continuous flow design, the energy is deposited uniformly throughout the mixture resulting in rapid energy transfer and direct "in-core" dielectric heating – hence the thermal inertia inherent to classical methods is not an issue.

Finally, the Radiant Solution is firmly aligned with the principles of "green chemistry", which is concerned with developing processes and products to reduce or eliminate hazardous substances. One of the goals of green chemistry is to prevent pollution at its source, as opposed to dealing with pollution after it has occurred. Radiant's proprietary extraction technology allows for more efficient extraction of starting raw materials, lower temperature processing, the use of more benign solvents and lesser quantities of solvent and energy.

Lines of Business

Since its inception, Radiant has completed numerous technical assessments 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. The majority of this work has been supported and paid for by industrial clients using customer-sourced biomass and seeking to achieve commercially relevant product and processing technical goals.

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 to operating capacity up to design capacity should business activity warrant. To increase operating capacity, the most significant requirement would be to add additional utilities (chilling and steam). The cost of this upgrade is currently estimated to be approximately \$1-1.5 million however there are no plans to undertake an upgrade of this nature at that this time.

A discussion of the Company's two lines of business follows.

1. Health and Wellness

Radiant can manufacture high-value natural ingredients for global customers in the Food and Beverage, Nutrition and Supplements, Pharmaceuticals and Active Care industries. Radiant uniquely combines its patented MAP™ technology with considerable know-how and expertise in downstream purification and isolation of natural products. The Company's Edmonton facility has been designed so that it can process materials for each of these industries. The Edmonton facility is a GMP facility and has its Health Canada Natural and Non-prescription Product Directorate ("NNHPD") site license. This designation allows the Company to manufacture natural health products pursuant to Health Canada's regulations.

In certain situations where clients have manufacturing requirements in excess of the capacity of the Edmonton facility or in situations where the client manufactures its own extracts but requires the benefits of MAP™ technology, the Company will consider a licensing arrangement.

Radiant is executing a three-pronged commercialization strategy to best align its resources and skills with market opportunities:

- *Industrial-Scale Extraction:* Radiant is leveraging its know-how and infrastructure to produce higher value, higher margin products on behalf of its customers. This also serves to validate and prove to a wider audience the value proposition inherent in the "Radiant Solution". The "Radiant Solution" is a combination of Radiant's MAP™ based extraction process and Radiant's substantial expertise in the critical downstream processing areas of purification and isolation.
- *Licensing:* Radiant will encourage select customers to incorporate all or part of the Radiant Solution in their in-house or supplier's extraction facilities to enhance productivity or efficiency of such plants.
- *Proprietary ('Captive') Products:* Radiant is also evaluating select applications where Radiant is developing captive products distributed through partners/distributors to capture a larger portion of the value chain. Radiant will seek to secure a proprietary position where appropriate on such products, typically through process patents.

Radiant is building its customer pipeline. Radiant's expanding business development and sales efforts are designed to specifically target high-value sustainable markets and customers. Radiant recognizes that potential customers want to fully validate the MAP™ technology before finalizing purchasing or manufacturing decisions. For this reason, Radiant has designed and has started the implementation of a partnership development program that is intended to incrementally establish the feasibility and the industrial application of MAP™ for a specific client requirement through a three-stage program:

- *Stage 1 Technical Assessment:* Demonstrates lab-scale proof-of-concept to client-defined product specifications;
- *Stage 2 Scale-up / Process Development:* Demonstrates scalability and optimization via larger scale pilot testing and technology transfer from pilot to commercial production; and

- *Stage 3 Partnership*: Develops commercialization steps for preferential supply agreement, or licensing agreement.

Each step of the process results in a separate agreement with the client and is revenue generating for the Company with levels increasing as a candidate advances. The process builds on each stage and there is no guarantee that a client, even with successful results, will move its candidate to the next level.

Current, active projects undertaken by the Company include:

1. Mid-size US food ingredients company – The Company has signed a Joint Development Agreement (“JDA”) with this client; the research programme encompasses a number of projects the client has identified. The projects include enhancing the client’s core offering as well expanding the client’s specialty ingredients business. The first project has been initiated and the client is currently evaluating samples provided by the Company. The client has additional projects that will be added as the biomass becomes available in the new growing season.
2. Large Multinational Ingredient company – The Company has signed a contract with the client to use the Company’s microwave technology to enhance the shelf life of a key product. The initial work has been completed and the client is analysing the results. Should the results appear promising the Company expects a JDA to be signed to further develop and scale up the process.
3. Small Canadian specialty cosmetics company – The Company began working with this client in the second half of 2017. The key term for this project was to develop a proprietary extract from a certain plant as the client has no extraction capability. Work completed to date included (a) technical assessment and (b) scale and (c) first commercial run at the end of 2017. The Company produced a larger amount of product than initially anticipated; it is unlikely that further revenue would be expected from this project this fiscal year.
4. Small US specialty health ingredients company – This project was completed in the second half of 2017. Key terms for this project was to concentrate a proprietary extract from a certain biomass as the client has no volume manufacturing capability. Two rounds of concentrations have been completed to date. The client is conducting research on the product the Company provided. The client’s development is slower than initially forecasted; no additional revenue is anticipated for this fiscal year.

The Company currently has adequate capital and sufficient plant capacity to meet the production requirements for its existing clients. The Company plans to actively recruit highly qualified personal (“HQP”) from across North America to meet requirements from a process and quality perspective to execute on such opportunities.

2. Cannabinoids Extraction

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

Whilst cannabis has been approved only for medical purposes at this time, the Canadian cannabis industry has shown significant growth. Health Canada reports that sales of dry cannabis products increased 14.8% to 19.4 tonnes from December 31, 2017 to March 31, 2018. Further, cannabis oil sales have grown 27.0% to 22.6 tonnes for the same period. Health Canada also reports that registered

patients have increased 48% from approximately 201,000 at June 30, 2017 to approximately 296,700 as at March 31, 2018.

The Cannabis industry currently favours the use of super critical CO₂ extraction to perform cannabinoids extraction. Extraction units in a typical 80-120L vessel configuration can handle up to 40kg of dry biomass and take approximately 6 hours to run a batch followed by a lengthy refining process. For companies using super critical CO₂, to extract at higher levels, they will require several of these units to be able to produce at industrial scale.

Moreover, for those companies looking to extract cannabinoids from hemp specifically, their volume requirements will be difficult to meet by using super critical CO₂ extraction. This is because the cannabinoids in hemp are present at substantially lower levels than marijuana and, as such, super critical CO₂ extraction processes are likely not to be economically feasible to achieve the levels of production that many hemp producers require. These producers require high throughput extraction to process the volume of materials required to meet their needs.

Radiant believes it is well positioned to deal with a key concern of the cannabis industry, the industrial scale production of cannabinoid extracts. This is due to the fact that a number of licensed producers have announced or are already building much larger production facilities. The current form of super critical CO₂ equipment will be challenged to meet these increased production levels.

Radiant possesses extraction technology at its Edmonton plant that has a design capacity of 5,000 kgs of input material per day, with a current operating capacity of between 1 and 2.5 tonnes per day depending on the type of biomass and with the ability to increase to operating capacity. Radiant has proven this technology, at the design capacity rate, on a number of different biomasses and believes that its know-how and proprietary equipment can be used successfully in the extraction of cannabinoids. Radiant 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 as the regulatory environment changes.

Compared to conventional extraction technologies, Radiant believes it is capable of extracting cannabinoids with a higher efficiency, and to develop standardized extracts with specific concentrations of cannabinoids of interest to the therapeutic industry. Further, Radiant's industrial-scale GMP extraction facility is an important resource to the industry in meeting the necessary capacity to meet demand. In addition to large-scale capacity, Radiant'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 at larger scales of production.

Furthering the Company's initiative in the Cannabinoid industry, the Company signed, in December 2016, a Memorandum of Understanding ("MOU") with Aurora to evaluate Radiant's MAP™ for purposes of an exclusive collaboration for the Canadian market regarding the joint development and commercialization of high quality and standardized cannabinoid extracts. The terms of the MOU

provided for a technical assessment to be performed pursuant to a Joint Venture research agreement. Research was started, in qualified third-party laboratories, in January 2017. Results of the research program were announced on June 5, 2017.

Aurora is one of the largest licensed producers of medical cannabis under Health Canada's Access to Cannabis for Medical Purposes Regulations ("ACMPR") and is currently building a "state of the art" 800,000 square foot greenhouse facility, known as Aurora Sky, in the Edmonton region. Aurora has announced that Aurora Sky has the design production capacity of 100,000kgs of dried material annually. Aurora is a Radiant shareholder following their participation as a lead investor in successive financings in December 2016, March 2017 and December 2017. As of March 31, 2018, Aurora held 37,643,431 common shares and 4,541,889 common share purchase warrants of Radiant representing approximately 16.41% of the issued and outstanding common shares, and 15.29% of the issued and outstanding common shares on a fully-diluted basis.

Since the signing of the joint venture research agreement, Radiant and Aurora have commissioned technical assessments to evaluate the applicability of Radiant's proprietary technology for the extraction of cannabinoids from cannabis, the establishment of parameters of extraction yields, recovery rates of available cannabinoids, purity of the extracts obtained, and the determination of cannabinoids and terpene profiles. In addition, the technical assessment evaluated an assessment of potential processing throughput achievable using Radiant's continuous-flow MAP™ extractor. The results of the studies were validated by a cannabis industry qualified third-party laboratory. The results of the research, found to be encouraging by both parties, were announced on June 5, 2017 and included the following points:

- MAP™ has the potential to deliver high quality and broad extraction profiles, all 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.

As a result of the success shown through the research program, on November 6, 2017, the Company announced that it had finalized an MSA with Aurora which also included an Investor Rights Agreement (as previously described in the "Core Business and Strategy - Background" section of this MD&A).

It is anticipated that Radiant will be extracting cannabis oil from certain of Aurora's dried cannabis. Timing of the production of cannabinoid oils is tied to the following:

- 1st - 3rd Quarter (Calendar), 2018: Enhancements to Edmonton Facility. The Company has installed enhanced security systems including significant video storage capabilities and a storage vault. The Company was also required to modify or acquire certain production equipment to handle the biomass. These enhancements are expected to cost approximately \$8.0 million. As announced on July 25, 2018, the construction work is substantially complete, and the installation and commissioning of the production equipment has commenced.

- 3rd - 4th Quarter (Calendar), 2018: Expected Receipt of ACMPR License to Produce Cannabis Extracts. Radiant has filed its license to produce under Health Canada's ACMPR as well as its Dealer's license under the Narcotics Control Regulations (Office of Controlled Substances). The licenses were applied for in February 2017 and July 2017 respectively. In August 2018, upon completion of construction, the Confirmation of Readiness evidence package was compiled and submitted to demonstrate that the security and Good Production Practices features of the building are operational. Also, notification of the completion of construction was submitted to the Office of Controlled Substances. Upon successful review of the Confirmation of Readiness package by Health Canada, Radiant will be eligible to receive the initial ACMPR Producer's Licence. Granting of the Dealer's license is dependent on a site inspection by the Office of Controlled Substances which has yet to be scheduled. Similarly, to receive a License to sell under the ACMPR, a site inspection will be required. The Company anticipates receipt of one or more of these licenses before the Cannabis Act comes into force on October 17, 2018.
- 3rd - 4th Quarter (Calendar) 2018: The Company anticipates receiving harvested cannabis from the Aurora Sky facility.

With one of the world's largest cannabis cultivators as a cornerstone customer and with its capabilities validated, Radiant has an industrial-scale, cost-efficient extraction platform that it believes is unique within the cannabis industry globally. As licensed producers across Canada announce large cultivation facility expansions, and as more countries legalize cannabis for medical and adult use, Radiant expects that its global growth opportunities will be significant. Moreover, Radiant expects hemp cultivators, importers, and brands extracting cannabinoids from hemp specifically to find difficulty processing with supercritical CO₂ extraction, the incumbent commercial-scale extraction method for hemp currently. This is due to the fact that the cannabinoids in hemp are present at substantially lower levels than in marijuana and, as such, Radiant expects supercritical CO₂ extraction processes to be challenged in scaling to levels that large hemp producers require. This too presents a global opportunity for Radiant.

The Company has adequate production capacity, personnel (assuming current pace of activity) and capital resources to implement its entry into the Cannabis industry. The Company, if granted an ACMPR license, does not intend to establish its own growing operation. Rather, Radiant intends to focus on the extraction of cannabinoids and the downstream refining and formulation of cannabinoid products. The Company expects that its Edmonton facility, following proper Good Manufacturing Practices ("GMP") and procedures, can be used to produce cannabis and non-cannabis extracts.

Regulatory Considerations

1. Canadian Requirements

Legalization of Cannabis in Canada

On April 13, 2017, the federal government of Canada introduced before parliament Bill C-45 an Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and Other Acts (the “Cannabis Act”), the draft legislation setting out the regulatory framework for legalization of cannabis. Under the proposed Cannabis Act, the federal government would be responsible for regulating cannabis production. Cannabis and its derivatives would be removed from Schedule II of the Controlled Drugs and Substances Act (“CDSA”) and instead be subject to the new act and relevant regulations.

On October 3, 2017, the Parliamentary Standing Committee on Health adopted amendments to the Cannabis Act including, amongst other things, an amendment that would permit legal cannabis edibles and concentrates to be sold, to come into force no later than twelve months after the Cannabis Act comes into force. Moreover, in accordance with the Access to Cannabis for Medical Purposes Regulations (“ACMPR”) and the Industrial Hemp Regulations (“IHR”), the Cannabis Act and pending regulations also provide for licences and permits for the import or export of cannabis for medical or scientific purposes and for industrial hemp.

On June 19, 2018, Prime Minister Justin Trudeau announced that the Cannabis Act and its regulations will come into force in Canada on October 17, 2018 to provide the provinces time to prepare for retail sales. At that time, the ACMPR and the current IHR will be repealed under the CDSA, and certain regulations under the Food and Drugs Act also will be amended, including the Cannabis Exemption (Food and Drugs Act) Regulations and the Natural Health Products Regulations. The Cannabis Act passed its final legislative step and received Royal Assent on June 21, 2018. Until the Cannabis Act is in force, existing laws remain in place and the provisions discussed below are subject to change.

While the Cannabis Act provides for the regulation of the commercial production and related matters of legal cannabis by the federal government, the provinces and territories of Canada have the authority to regulate other aspects of cannabis for adult use (similar to what is currently the case for liquor and tobacco products), such as sale and distribution, minimum age requirements, places where cannabis can be consumed, and a range of other matters. The governments of all the provinces and territories of Canada have announced regulatory regimes for the distribution and sale of legal cannabis within their jurisdictions, which to date, have all received Royal Assent, except for Nunavut and Prince Edward Island.

On June 27, 2018 the Cannabis Regulations and the Industrial Hemp Regulations (collectively, the “Regulations”) were introduced by the Government of Canada. The Regulations outline the rules for the legal cultivation, processing, research, testing, distribution, sale, importation and exportation of cannabis and hemp in Canada, and set standards for cannabis and hemp products that will be available for legal sale once the Cannabis Act comes into force in October 2018.

Under the new Industrial Hemp Regulations, a number of requirements applicable under the ACMPR regime have been eliminated, including criminal record checks for applicants, requirements for secured storage, and the need for third-party sampling for testing. Furthermore, licensed cultivators will be able to sell the flowering heads, leaves, and branches of hemp plants to

licensed processors for the purpose of extracting cannabidiol. The Company expects these changes will stimulate larger harvests of hemp.

The Company expects that it will receive a Producer's Licence and a Dealer's Licence for its Edmonton Manufacturing Facility before the Cannabis Act comes into force on October 17, 2018. The Company believes that these licences will allow the Company to legally process and develop cannabis products at its manufacturing facility and additionally, after the Cannabis Act comes into force, to legally process and develop hemp products.

There is no guarantee that the Company will obtain the Dealer License or the Producer's License at its Edmonton Manufacturing Facility or that any of the federal or provincial frameworks which have been announced prior to the date of this MD&A supporting the legalization of cannabis in Canada will be implemented as currently announced. See "Risk Factors – Cannabis Industry".

Licenses

To be able to extract cannabinoids and conduct research related activities in Canada, the Company is required to have its Office of Controlled Substances Dealers License (for its research and development laboratory) and its ACMPR license to produce. The Company has submitted its license applications. Below is a discussion of requirements to obtain each license and the stage that the Company is at.

Office of Controlled Substances Dealer's License

As per Health Canada's website:

"The Office of Controlled Substances (OCS) works to ensure that drugs and controlled substances are not diverted for illegal use. This involves developing legislation, regulations, policies and operations that support the control of illicit drugs and other substances.

Activities in this area include:

- licencing manufacturers and distributors of drugs and controlled substances and issuing import/export permits when necessary, to manage and track the movement of drugs and controlled substances across the Canadian border;
- authorizing the disposal of illegal drugs that have been discovered or seized;
- licencing individuals and companies to undertake activities under the *Industrial Hemp Regulations*;
- managing an exemption process that allows individuals with legitimate scientific or medical reasons to possess a controlled substance; and
- working with other groups such as the law enforcement community to address compliance issues.

The *Controlled Drugs and Substances Act* (CDSA) prohibit certain activities with controlled substances – including possession, trafficking, importation, exportation and production – except as authorized by regulations. The *Benzodiazepines and Other Targeted Substances Regulations*, *Narcotic Control Regulations*, *Part G of the Food and Drug Regulations*, and *Part J of the Food and Drug Regulations* are regulations under the CDSA, which set out detailed requirements for persons involved in carrying out activities with controlled substances,

including the requirement to seek and obtain a new controlled substances licence before conducting certain activities. The licence authorizes the person to conduct the activities specified by the licence.”

To apply for a new dealer’s licence for controlled substances, Companies applying are required to submit a completed application and supporting documentation to the OCS. The OCS then screens the applications for completeness, and incomplete applications may be returned. Once an application is deemed complete, it is reviewed in detail and a Begin Construction Notice is issued. Once facility security is complete, an inspection is completed, and a licence is issued, or the application is refused.

Radiant, in December 2016, applied, for a Dealer’s License for its research laboratory, to work with controlled substances for research and development and on February 2, 2018, this Dealer’s License was granted.

In July 2017, Radiant applied for a Dealer’s License for its manufacturing facility. This license would be in addition to the ACMPR license previously applied for and would provide the Company with additional flexibility for its cannabis activities including the export of cannabis oil. A Begin Construction Notice was received on February 28, 2018 following the submission of an updated security plan. Confirmation that construction was completed was submitted to the Office of Controlled Substances in July 2018. An inspection date has not yet been scheduled.

ACMPR License

Per Health Canada’s website: “effective May 25, 2017, the application process for becoming a licensed producer of cannabis for medical purposes is as follows:

1. Intake and Initial Screening
2. Detailed Review and Initiation of Security Clearance Process
3. Issuance of Licence to Produce
4. Introductory Inspection (as cultivation begins)
5. Pre-Sales Inspection
6. Issuance of Licence to Sell

Licences are only issued once it has been determined that all information submitted demonstrates compliance with the Access to Cannabis for Medical Purposes Regulations (ACMPR) and the facility has been built. Each application undergoes a detailed assessment and review, including in-depth security checks undertaken by the RCMP.”

The Company submitted its ACMPR application in February 2017 and is currently in stage 2 of the application process.

According to Health Canada's website, the following is a description of activities conducted during stage 2:

"All information submitted to Health Canada, and any other relevant information, is reviewed to:

- complete the assessment of the application to ensure that it meets the requirements of the Regulations;
- establish that the issuance of the licence is not likely to create risks to public health, safety or security, including the risk of cannabis being diverted to an illicit market or use; and
- establish that there are no other grounds for refusing the application.

An application will be thoroughly reviewed to ensure that the level of detail included in the application is sufficient to assess the requirements of the ACMPR and validate the information provided. Consideration is also given to the proposed security measures including those required by Subdivision C of the ACMPR and the description of the storage area for cannabis as required by the Security Directive; the credentials of the proposed quality assurance person to meet the good production requirements outlined in Subdivision D of the ACMPR and the details listed in the quality assurance report relating to premises, equipment and sanitation program. Physical security plans will be reviewed and assessed in detail at this stage.

While the application is in the Detailed Review stage, the security clearance forms for key personnel will be sent for processing.

Once Health Canada confirms that the requirements of the ACMPR have been met, and the application successfully completes the Detailed Review and Security Clearance stage, a licence to produce will be issued."

A request for additional information was received from the Office of Medical Cannabis on June 27, 2018 and answers submitted on June 30, 2018. In addition, the Confirmation of Readiness package was sent to the OMC on August 14, 2018. The timeline for review of the submission will be dependent on Health Canada and the number of submissions they have in progress.

Canadian Securities Regulatory Update 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, Radiant is not conducting any U.S. cannabis related activities and further, has no plans to do so. As a result, the Company is in full compliance with the Canadian regulatory requirements.

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



Patents, Patent Applications and Registered Trade-Marks

A summary of Radiant's patents, patent applications and registered trade-marks is as follows:

Title	Jurisdiction	Status	Number	Expiry Date
<i>Patents and Trade-Marks</i>				
Controlled energy density microwave assisted processes	USA	Granted	6061926	Nov 2018
Controlled energy density microwave assisted processes	Canada	Granted	2287841	Nov 2019
Methods for making Cyclopamine	Canada	Granted	2727986	July 2029
Methods for making Cyclopamine	USA	Granted	9000168	July 2029
Trade-mark	Canada	Registered	933950	N/A
Trade-mark	France	Registered	94/512023	N/A
Trade-mark	Italy	Registered	0001601704	N/A
Trade-mark	USA	Registered	2012278	N/A
Trade-mark	Canada	Application	1861307	N/A
Trade-mark	Canada	Application	1868465	N/A
<i>Patent Applications</i>				
Method for direct extraction and concentration of naturally-derived active compounds	Canada	Application	2780578	N/A
Process for reducing nicotine in tobacco biomass and tobacco composition	Canada	Application	62/678704	N/A

Radiant negotiated the right to purchase the MAP™ patents US 6061926 and CA 2287841 from the Government of Canada, and as of May 1, 2014 has completed the purchase of these patents. These patents expire in November 2018 and November 2019, respectively. Radiant does not believe that the expiration of these patents will negatively impact the Company's business as the claims for these patents do not specifically include the specifics of how Radiant implements the MAP™ technology. The Company has spent over 15 years innovating MAP™ and MAP™-based processes for the extraction and processing of natural ingredients and has developed significant know-how and trade secrets in applying the technology at commercially-relevant scales. Radiant has proprietary know-how and domain expertise, including a rigorous documented trade secret program. In addition, Radiant has identified a number of invention disclosures that have been filed as provisional patent applications. Finally, Radiant engaged a world-class intellectual property and innovation consulting firm to help strategically enhance the Company's intellectual property portfolio and install processes to manage and protect the intellectual property which supports Radiant's competitive advantage.

Corporate Structure

The head office of Radiant 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. Radiant also operates a production facility located at 4035 - 101 St NW, Edmonton, Alberta, T6E 0A4.

Radiant owns 100% of RTC which was incorporated on February 20, 2018. It is intended that RTC will hold certain of the Company's Canadian cannabis related licenses when granted by Health Canada. As well, effective May 3, 2018, Radiant owns 100% of 1631807 Alberta Ltd., which is the owner and landlord of various properties including Radiant's Edmonton production facility. Prior to May 3, 2018, Radiant owned a 50% interest in 1631807 Alberta Ltd.



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 \$7 million expansion of the Company's Edmonton manufacturing facility that commenced in Q4 2018. The expansion will facilitate the set up of a dedicated cannabis oil production line. The project includes the retrofit of a portion of the existing facility along with the construction of a new addition adding approximately 3,000 square feet. The expansion also includes the acquisition of separate, dedicated production equipment along with security enhancements designed to meet all ACMPR requirements.

Summary of Results by Quarter

Quarter ended	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Revenues	\$ 58,489	\$ 117,304	\$ 138,899	\$ 103,702
Loss before other income and expenses	(3,187,507)	(2,439,546)	(1,968,511)	(1,753,977)
Loss per share, before other income and expenses (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)
Net loss	(3,545,018)	(2,768,047)	(3,541,287)	(2,102,361)
Net loss per share (basic and diluted)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	226,860,451	223,367,719	197,549,414	175,147,455
Total assets	\$ 37,558,954	\$ 30,012,654	\$ 30,835,344	\$ 14,651,260
Long term liabilities	6,618,306	2,124,160	2,196,646	7,509,318

Quarter ended	June 30, 2017	March 31, 2017*	December 31, 2016*	September 30, 2016*
Revenues	\$ 95,922	\$ 145,962	\$ 116,235	\$ 31,250
Loss before other income and expenses	(1,735,427)	(1,295,756)	(1,091,035)	(1,054,471)
Loss per share, before other income and expenses (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)
Net loss	(5,636,622)	(1,212,038)	(1,114,509)	(1,059,261)
Net loss per share (basic and diluted)	\$ (0.04)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	158,923,114	136,107,594	85,290,762	65,171,117
Total assets	\$ 16,634,789	\$ 15,107,628	\$ 8,077,320	\$ 4,987,193
Long term liabilities	7,434,920	6,597,174	7,057,445	6,921,487

* 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*
<i>Increase (decrease)</i>				
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

(Unaudited)	Quarter ended June 30,	
	2018	2017
Revenues	\$ 58,489	\$ 95,922
Cost of revenues	36,392	82,992
	22,097	12,930
Expenses		
General and administrative	986,306	743,058
Production plant	542,115	304,560
Process development	408,967	157,181
Business development	326,554	136,498
Corporate development	271,112	26,023
Financing fees	239,203	231,487
Quality control and assurance	218,835	33,166
Depreciation and amortization	216,512	116,384
	3,209,604	1,748,357
Loss before other income (expenses)	(3,187,507)	(1,735,427)
Other income (expenses)		
Interest and other income	32,683	10,011
Rental income	8,136	31,264
Share-based payments	(332,629)	(3,929,044)
Allocation of related company (loss) income	(45,032)	10,000
Foreign exchange loss	(20,669)	(10,113)
Other expenses	-	(13,313)
	(357,511)	(3,901,195)
Net loss and comprehensive loss	\$ (3,545,018)	\$ (5,636,622)

The following highlights key activities, milestones and initiatives undertaken in the quarter ended June 30, 2018:

- As previously discussed, the Company completed the acquisition of a 100% interest in 1631807 Alberta Ltd. followed by 1631807 Alberta Ltd.'s acquisition of the Adjacent Lands. These transactions result in the Company securing ownership of its production facility as well as an additional 80,000 sq. ft. for further capacity expansion.
- The Company completed its submission to the US Food and Drug Administration (FDA) to consider the Company's unique MAP technology as a method to reduce nicotine levels in tobacco. This was followed by the filing of a provisional patent application with the U.S. Patent and Trademark Office for innovation related to methods to obtain nicotine depleted tobacco, without altering certain desirable properties of tobacco.
- A significant focus of the quarter was on activities related to the 3000 sq. ft. plant expansion and related renovation to the existing manufacturing facility. These efforts include activities geared towards preparation to process cannabis related products on the anticipated receipt of the ACMPR license from Health Canada. As the plant was offline for the project, any client related projects were deferred.
- Preparation efforts for the anticipated cannabis related business is evidenced throughout the company with increased cost and activity in production plant, process development, and quality control and assurance.



- Concurrently, the Company made substantial investments in corporate development and business development related to initiatives ranging from patent applications, technical scouting and value-added activities to strengthen the value proposition of the Company, both in the Cannabis and the Health and Wellness space.

Variance analysis related to the Consolidated Statement of Operations and Comprehensive Loss

Revenues

	Quarter ended June 30,	
	2018	2017
Contract manufacturing	\$ 58,489	\$ 95,922
Total revenues	\$ 58,489	\$ 95,922

Total revenue decreased by \$37,433 during the three months ended June 30, 2018 compared to the same period last year. The Company's production facility was shut down for the majority of the quarter due to the planned renovation and expansion project.

Cost of revenues

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

	Quarter ended June 30,	
	2018	2017
Contract manufacturing		
Salaries and benefits	\$ 19,040	\$ 29,596
Supplies and materials	12,668	39,605
Waste removal	4,640	12,081
Transportation fees	44	1,125
Equipment and rentals	-	585
Total cost of revenues	\$ 36,392	\$ 82,992

Total cost of revenue decreased by \$46,600 during the three months ended June 30, 2018 which directly relates to the decrease in revenue for the same period.



General and administrative expenses

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

	Quarter ended June 30,	
	2018	2017
Salaries and benefits	\$ 229,136	\$ 162,701
Consulting fees	271,225	194,164
Travel	160,252	87,100
Investor relations	73,585	66,000
Professional fees	64,259	66,299
Rent and utilities	63,262	38,206
Office	27,832	13,269
Public company compliance	24,955	49,818
Insurance	21,514	11,146
Directors' fees	20,375	20,375
Computer software	15,372	2,716
Maintenance	12,077	-
Doubtful debts provision	2,462	31,264
Total general and administrative	\$ 986,306	\$ 743,058

General and administrative expenses for the quarter ended June 30, 2018 increased by \$243,248 from the prior period with variances in several cost categories.

Salaries and benefits are \$66,435 greater than the same quarter of the prior year due to an increase in staff. Staff now total eight compared to four in the quarter ended June 30, 2017. These four additional staff include one human resource, one administrative and two finance employees which are required to support the growing organizational infrastructure.

Consulting fees are \$77,061 greater than the same quarter of the prior year. The majority of the increase relates to increased levels of IT service as well as recruiting fees paid for various accounting and administrative roles filled during the quarter.

Travel costs are \$73,152 greater than the same quarter of the prior year due to increasing activity related to new business initiatives and alternative financing arrangements that the Company continues to explore. As well, a face to face Board of Directors meeting was conducted whereas typically, the Board of Directors meetings are held by way of conference calls.

Rent and utilities increased by \$25,056 over the same quarter of the prior year. \$12,000 of the increase is attributable to the rental of new office space in Toronto. As well, \$13,000 relates to property taxes and utilities associated with the new buildings purchased from the Amnor Group Inc. on May 3, 2018 as previously discussed.

Office expense is \$14,563 greater than the prior quarter due to the increase in staff and activity levels of the Company.



Public company compliance is \$24,863 less than the same quarter of the prior year. During Q1 of fiscal 2018, the Company engaged third party services to assist with a compliance review with no similar requirement in the current year. Offsetting the decrease, is a \$8,638 increase in the TSXV proportionate recognition of annual fees. The annual fee is based on the Company's issued and outstanding common shares which are considerably higher year over year.

In Q4 fiscal 2018, the Company undertook a comprehensive insurance review including obtaining appraisal values for its portfolio of assets. Between the results of this initiative and considering the impact of the insurance requirements related to the ownership of 1631807 Alberta Ltd. and the newly purchased assets from the Amnor Group Inc., insurance expense has increased with variances expected throughout fiscal 2019. The current quarterly variance is \$10,368.

Computer software has increased by \$12,656 compared to the same quarter in fiscal 2018 which is predominantly attributable to the proportionate annual subscription costs for the new enterprise resource planning ("ERP") system that the company is currently implementing.

Maintenance costs of \$12,077 were incurred in Q1 2019 related to the addition of phone lines, replacement of lights and commencement of the new ongoing preventative maintenance program.

During Q1 2018, the Company assessed that a receivable from its subtenant was impaired resulting in a recognized allowance for impairment of \$31,264. In September 2017, the subtenant's space was reduced, rent adjusted accordingly with the subtenant paying the new, reduced rent while searching for alternate space. 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 June 30,	
	2018	2017
Salaries and benefits	\$ 346,393	\$ 156,486
Rent and utilities	88,859	111,412
Maintenance	43,888	32,757
Supplies	25,414	2,600
Travel	19,068	-
Office	14,432	415
Equipment and rentals	4,061	890
Total production plant	\$ 542,115	\$ 304,560

Total production plant salaries and benefits expense for the quarter increased by \$189,907 compared to the prior quarter. In the prior quarter there were seven plant employees compared to twenty-three plant employees in the current quarter. The Company is focused on preparing for the commencement of production activity related to cannabis oil extraction.



Rent and utilities expense decreased by \$22,553 over the same quarter of 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, 2018 is eliminated upon consolidation. Rent eliminated for the quarter is \$39,270. This decrease in rent is offset by an increase in telephone and internet charges of approximately \$9,500 attributed to the addition of phone lines and internet bandwidth to support the growth and scale up of activities at the plant.

Maintenance expense increased by \$11,131 for the quarter as compared to the prior year quarter. The Company has acquired a significant amount of new equipment over the past several months 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. As well, during the quarter, in preparation for cannabis oil production, service and maintenance at a cost of approximately \$15,000 was performed on 4 tanks and 2 kettles.

Increases in supplies and office expense over the same quarter 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 incurred in the quarter relate to equipment scouting and employee training for the new ERP that the Company is currently implementing.

Process development

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

	Quarter ended June 30,	
	2018	2017
Salaries and benefits	\$ 244,576	\$ 103,405
Consulting fees	43,944	-
Supplies	42,240	7,831
Rent and utilities	38,730	34,297
Maintenance	21,884	-
Travel	10,139	6,176
Office	3,951	1,203
Product development	3,150	700
Equipment and rentals	353	2,846
Production materials	-	723
Total process development	\$ 408,967	\$ 157,181

Process development salaries and benefits increased by \$141,171 over the same quarter of the prior year. The increase includes salary adjustments for existing staff as well as increases in total staff to twelve employees. This compares to five employees at the end of Q1 fiscal 2018.

Consulting fees for the quarter were \$43,944. These costs relate to the engagement of technical consulting services for development and applications beyond resources available internally.

Supplies expense has increased by \$34,409 over the same quarter in the prior year. The increase relates to development and applications in relation to anticipated cannabis oil extraction later in calendar 2018.



Total maintenance expense was \$21,884. The Company has acquired a significant amount of new equipment over the past several months 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.

Business development

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

	Quarter ended June 30,	
	2018	2017
Consulting fees	\$ 139,816	\$ 67,788
Travel	87,635	31,764
Salaries and benefits	65,236	35,657
Marketing material	30,933	-
Office	2,419	1,289
Utilities	398	-
Supplies	117	-
Total business development	\$ 326,554	\$ 136,498

Business development expenses for the quarter ended June 30, 2018 increased by \$190,056 over the same quarter in the prior year. To support the Company's efforts in actively pursuing new business initiatives and opportunities, the business consulting team was increased from one to four over the last twelve months. As well, salaries and benefits include a bonus initiative paid for successful on-boarding of new customers. Significant travel, the development of marketing materials and increased office expenses were also incurred pursuing these opportunities and initiatives.

Corporate development

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

	Quarter ended June 30,	
	2018	2017
Consulting fees	\$ 207,073	\$ 14,987
Travel	64,039	11,036
Total corporate development	\$ 271,112	\$ 26,023

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 in the last twelve months. 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.



Quality control and assurance

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

	Quarter ended June 30,	
	2018	2017
Salaries and benefits	\$ 129,345	\$ 32,924
Consulting fees	45,750	-
Supplies	28,542	-
Maintenance	6,705	-
Office	5,886	242
Travel	2,152	-
Utilities	455	-
Total quality control and assurance	\$ 218,835	\$ 33,166

Throughout fiscal 2018, the Company focused on building a robust team of qualified individuals to position for quality control and assurance requirements related to upcoming, planned cannabis extraction. During the quarter ended June 30, 2017, the department consisted of three employees steadily growing throughout the last twelve months to eight 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 and travel expenses relate to procedure development and control applications in relation to anticipated cannabis oil extraction later in calendar 2018.

Consulting fees for the quarter 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.

Financing fees

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

	Quarter ended June 30,	
	2018	2017
Amortization of financing costs on due to related company	\$ 138,520	\$ 2,357
Amortization of financing costs on long-term debt	18,888	-
Amortization of financing costs on convertible debenture	-	7,777
Interest on long-term debt	86,770	8,226
Interest on loan due to related company	5,655	15,000
Interest on lease obligations	3,310	540
Interest on convertible debenture	-	50,226
Interest on repayable government contributions	-	7,998
Payout penalty on due to related company	16,414	-
Accretion of royalty financial liability	-	139,363
Other	(30,354)	-
Total financing fees	\$ 239,203	\$ 231,487



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:

- Radiant 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. Radiant's interest on the loan from April 1 to May 3, 2018 was \$5,655 which is lower than the amount for the same period of the prior year given that the prior year amount was for three months.
- 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 \$226,656 were incurred on this transaction and will be amortized over the 24-month life of the mortgage. During the three months ended June 30, 2018, \$18,888 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 \$72,045 for the three months ended June 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 ended June 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.

Depreciation and amortization

Depreciation and amortization increased by \$100,128, compared to the same period last year. The increase is mainly due to depreciation related to additions of equipment, computer hardware and leasehold improvements associated with the plant expansion and preparation for anticipated new revenue streams. 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.

Interest and other income

Interest and other income increased by \$22,672, compared to the same period in the prior year, which is mainly driven by interest earned on excess cash.

Rental income

Rental income decreased by \$23,128, compared to the first quarter of fiscal 2018. 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 was \$332,629 and \$3,929,044 for the three months ended June 30, 2018 and 2017 respectively. 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 grant for this quarter was \$106,171. In the quarter ended June 30, 2017, 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 a result, a total of \$3,917,830 was recognized during the three months ended June 30, 2017.

Allocation of related company (loss) income

Radiant 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

Capital Employed

	June 30, 2018	March 31, 2018
Non-current assets	\$ 16,936,393	\$ 5,966,400
Current assets	20,622,561	24,046,254
Current liabilities	(3,215,701)	(2,016,369)
Total assets less current liabilities	\$ 34,343,253	\$ 27,996,285
Non-current liabilities	6,618,306	2,124,160
Shareholders' equity	27,724,947	25,872,125
	\$ 34,343,253	\$ 27,996,285

Non-Current Assets

Non-current assets increased by \$10,969,993 at June 30, 2018, as compared to March 31, 2018, which is attributable to:

Plant and equipment

Plant and equipment increased \$11,871,384 from March 31, 2018. This increase is related to assets acquired from 1631807 Alberta Ltd. of \$4,413,129 as well as additions of equipment, computer hardware and leasehold improvements of \$7,667,292 associated with the plant expansion and preparation for anticipated new revenue streams. Plant and equipment was depreciated by \$209,037 during the quarter.

Long-term prepaids and deposits

Long-term prepaids and deposits increased by \$135,331 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 \$82,293 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 decreased by \$3,423,693 at June 30, 2018 as compared to March 31, 2018, which is attributable to:

Cash

The Company's cash balance decreased by \$4,240,980, primarily due to cash requirements for operating activities of \$2,167,699, repayments of debt, interest and pay-out penalties of \$4,784,714, cash purchases of plant and equipment of \$3,442,070, the investment in long-term patent initiatives of \$160,331, and purchase of intangible assets of \$89,769. The decrease was offset by net cash received on new long-term debt of \$5,292,226 and net cash received from the exercise of stock option and warrant exercises of \$1,116,516.

Prepaids and deposits

Prepaids and deposits increased by \$725,203 during the three months ended June 30, 2018. This is primarily due to additional deposits of \$240,218 on production equipment ordered but not yet received, \$272,852 related to 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 \$72,292 in accounts receivable. This is attributable to the increase of \$198,151 in the GST receivable and an increase of \$102,001 in other receivables. \$75,297 of the other receivables is due from the Amnor Group Inc. related to the working capital adjustment pertaining to the acquisition of the remaining 50% interest in 1631807 Alberta Ltd. These increases are offset by a decrease of \$149,162 in trade receivables that has been collected in the first quarter of 2019.

Current Liabilities

Current liabilities increased by \$1,199,332, as compared to the balance at March 31, 2018. Accounts payable and accrued liabilities increased by \$1,395,786 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 \$50,063 which was fully discharged in the quarter 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 \$113,064 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 \$4,494,146, which is mostly attributable to the new Moskowitz loan which accounts for an increase of \$5,405,557 of which \$5,500,000 is the principle portion net of \$94,443 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 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 June 30, 2018 increased by \$1,852,822 as compared to the balance at March 31, 2018. This is primarily due to the exercise of 1,981,379 warrants for total proceeds of \$1,052,629, the exercise of 135,000 options for total proceeds of \$86,100, an increase of 44,088 common shares related to shares issued for \$64,809 of services rendered and an issuance of 2,799,639 common shares related to assets purchased of \$3,883,886. As well, the Company recorded share-based compensation of \$332,629 for the quarter. These increases were offset by share issuance costs of \$22,213 and the recognition of a net loss of \$3,545,018 for the three months ended June 30, 2018.

CONTINGENCIES AND COMMITMENTS

Facility Leases

The Company is party to a facility lease for its head office in Edmonton, Alberta which requires minimum monthly lease payments of \$12,216 plus monthly operating costs of approximately \$6,800 commencing on October 1, 2014 through September 30, 2019.

Manufacturing Facility Expansion

The Company has entered into various contracts related to the expansion of the Edmonton manufacturing facility and for equipment that would be required in the newly renovated building. As at June 30, 2018, total cost for these contracts was \$4,132,348 (\$2,808,635 for leasehold improvements and \$1,323,713 for equipment) with completion expected in the second quarter of fiscal 2019. As at June 30, 2018, the remaining costs, not already reflected in these financial statements is \$825,654 (\$347,147 for leasehold improvements and \$478,507 for equipment).



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 (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO) and Chief Technology Officer (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 June 30,	
	2018	2017
Compensation	\$ 225,875	\$ 242,041
Short-term benefits	6,185	6,121
Share-based compensation	97,543	2,704,219
	<u>\$ 329,603</u>	<u>\$ 2,952,381</u>
Number of stock options issued	-	5,821,102
Weighted average exercise price	\$ -	\$ 0.66

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

As at June 30, 2018, \$122,234 (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 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).

During the year ended March 31, 2018, the COO and one director, Jan Petzel, exercised 406,250 options for total proceeds of \$103,125 and \$165,000 respectively.

During the three months ended June 30, 2018, 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.

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 the quarter ended June 30, 2018, the Company assessed that a receivable from its subtenant was impaired and an allowance of \$2,462 for the impairment was made. This was in addition to the balance of the allowance at March 31, 2018 of \$329,110. Effective August 31, 2017, the subtenant had vacated the majority of the leased premises but continues to occupy a small amount of space while searching for alternate arrangements. The subtenant's new rent payments have been consistently paid since the rent reduction occurred. The additional impaired amount relates to an amount owing for clean-up and readying the previously occupied space. The Company continues to pursue collection of the full balance owed.

As at June 30, 2018, \$348,151 (March 31, 2018 - \$373,393) of the trade accounts receivable balance of \$348,151 (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 June 30, 2018 consist primarily of GST \$198,151 (March 31, 2017 - \$76,235) and \$75,297 due from Amnor Group Inc. related to the working capital adjustment pertaining to the acquisition of the remaining 50% interest in 1631807 Alberta Ltd.

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 Factor – Ability to Implement Business Plan", "Risk Factor – Volatility in the Capital Markets" and "Risk Factor – Need for Additional Financing" sections for additional related discussion and details.



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

	<1 year	1 to 3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	\$ 3,064,992	\$ -	\$ -	\$ -	\$ 3,064,992
Long-term debt	701,875	6,386,040	281,458	437,565	7,806,848
Lease obligation	107,585	163,285	-	-	270,870
Balance June 30, 2018	\$ 3,874,362	\$ 6,549,325	\$ 281,458	\$ 437,565	\$ 11,142,710
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, 2017	\$ 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 June 30, 2018. The analysis is based on financial assets and liabilities denominated in US dollars ("balance sheet exposure").

(in U.S. dollars)	June 30, 2018
Cash	\$ 29,719
Accounts receivable	-
Accounts payable and accrued liabilities	(451,828)
Total balance sheet exposure	\$ (422,109)

The translation rate as at June 30, 2018 was 1.3168. Based on the Company's balance sheet exposure noted above, with other variables unchanged, net income would change by \$5,065 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 June 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 \$53,178 (2017 - \$7,795).

RISK FACTORS

Readers are cautioned that the following is a summary only of certain risk factors and is not exhaustive and is qualified in its entirety by reference to and must be read in conjunction with the additional information on these and other factors that could affect the Company's operations and financial results that may be accessed through the Company's profile on SEDAR (www.sedar.com), including the Management Information Circular dated October 20, 2017.

Ability to Implement Business Plan

Radiant's business and financial plan focuses on a relatively new technology and is therefore largely untested at commercial scale in its anticipated markets. There can be no assurance that Radiant will successfully market its technology and earn sufficient revenue to permit the level of research and development spending required to maintain the stream of new technological advances and product development. Radiant's success will depend upon market acceptance of its technology and products, its ability to enhance its existing technology and products and its ability to introduce new products and features that meet customer requirements. There can be no assurance that Radiant will be successful in developing, manufacturing, marketing or enhancing its technology and products. Radiant's business would be adversely affected if it incurs delays in developing its technology, products or enhancements or if such technology, products or enhancements do not gain market acceptance. In addition, there can be no assurance that products or technologies developed by others will not render Radiant's technology or products non-competitive or obsolete.

Radiant's sales and marketing plan and its professional sales and marketing function have not yet progressed significantly into commercial scale and are based on several assumptions which may or may not prove to be accurate. Poor market acceptance of Radiant's technology, products or other unanticipated events may result in lower revenues than anticipated.

Limited Operating History

Radiant has a limited commercial operating history and no recent, significant revenues. The likelihood of the success of Radiant must be considered in light of the risks, costs, complications and delays frequently encountered in the establishment of a new technology and product. Radiant may encounter unforeseen difficulties or delays in its operations and the development of its market.

Cannabis Industry

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. The Company's initial application for a Controlled Drugs and Substances Dealers license was prepared for submission at that time.

Licensing

The ability of Radiant to build its business in extracting and processing cannabinoids derived from cannabis is dependent on obtaining all licenses, including the licenses to produce and sell cannabis oil products, and adherence to all regulatory requirements related to such activities. Radiant has applied for a Controlled Drugs and Substances Dealer's License at the Edmonton Manufacturing Facility, specifically to allow for import and export of cannabis oil as well to perform analytical testing for third parties. Radiant has also applied for its Producer's License for the purposes of extracting cannabinoids from cannabis and selling this product to other licence producers. There is no guarantee that these licenses will be obtained.

Any failure to comply with the terms of the licenses, or to renew the licenses after their expiry dates, could have a material adverse impact on the financial condition and operations of the business of the Company. Although the Company believes that it will meet the requirements of the ACMPR and the Controlled Drugs and Substances regulations for its license applications, there can be no assurance that Health Canada will grant the license. Should Health Canada not grant the license, the business, financial condition and operating results of the Company could be materially adversely affected.

Achievement of the Company's business objectives are contingent, in part, upon compliance with the regulatory requirements, including those imposed by Health Canada and other government authorities and obtaining all regulatory approvals, where necessary, for its cannabis related activities. Radiant cannot predict the time required to secure all appropriate regulatory approvals for its activities, or the extent of testing and documentation that may be required by government authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the Company's business, results of operation and financial condition.

Radiant's business will be subject to a variety of laws, regulations and guidelines relating to marketing, acquisition, manufacture, management, transportation, storage, sale and disposal of medical marijuana but is also subject to laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines may cause adverse effects to the Company's operations.

On October 16, 2017, the TSX issued guidance stating that issuers with ongoing marijuana-related business activities in the U.S. would not be complying with the requirements of the TSX company manual and therefore could be subject to a delisting review at the discretion of the TSX. At present, the Company is not conducting any U.S. marijuana-related activities and further has no plans to do so. As a result, the Company is in full compliance with the Canadian regulatory requirements.

Medical Marijuana

The success of the medical cannabis industry may be significantly influenced by the public's perception of cannabis's medicinal applications. Medical cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical cannabis will be favourable. The medical cannabis industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical cannabis is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of medical cannabis may have a material adverse effect on our operational results, consumer base and financial results.

Should the size of the medical cannabis market increase as projected the demand for products will increase as well, and for the Company to be competitive, it will need to invest significantly in research and development, marketing, and production expansion. If the Company is not successful in obtaining sufficient resources to invest in these areas, the Company's ability to compete in the market may be adversely affected, which could materially and adversely affect the Company's business, its financial condition and operations.

Potential Adult-Use Cannabis Market

In June 2018, the government of Canada passed the Cannabis Act, the Canadian federal legislation allowing individuals over the age of 18 to legally purchase, process and cultivate limited amounts of cannabis for adult use in Canada. It is expected that the Cannabis Act will become effective in October 2018. As a result, individuals who currently rely upon the medical cannabis market to supply their medical cannabis and cannabis-based products may cease this reliance, and instead turn to the adult-use cannabis market to supply their cannabis and cannabis-based products.

Factors that will influence this decision include the price of medical cannabis products in relation to similar adult-use cannabis products, the amount of active ingredients in medical cannabis products in relation to similar adult-use cannabis products, the types of cannabis products available to adult users and limitations on access to adult-use cannabis products imposed by the regulations under the Cannabis Act and the legislation governing distribution of cannabis that is expected to be enacted by the individual provinces and territories of Canada. These factors will not be ascertainable until after the regulations under the Cannabis Act and the individual provincial and territorial legislation providing for the legalization of adult-use cannabis are implemented.

While it is currently proposed that existing holders of licenses relating to medical cannabis under the ACMPR, will be transitioned to the new license categories under the Cannabis Act for these activities, other individuals and corporations would be able to apply for the Licence for Sale for Medical Purposes as well. Moreover, within five years of the implementation of the Cannabis Act, the medical access framework of the ACMPR regulations is expected to be reviewed. The effect on the Company's business, and the cannabis market in general, as a result of this review is uncertain.

The Company's Relationship with Aurora

Aurora's Shareholdings and Conflicts of Interest with Aurora

As at June 30, 2018, Aurora holds a 16.41% partially diluted interest in the Company and has the right to vote for the election of directors to the Company's board of directors. See "Disclosure of Certain Additional Matters – Conflicts of Interests".

The Company's relationship with Aurora does not impose any duty on Aurora or its affiliates to act in the best interest of the Company. The Company's ownership structure involves a number of relationships that may give rise to conflicts of interest between the Company and the Company's shareholders, on the one hand, and Aurora, on the other hand. In certain instances, the interests of Aurora may differ from the interests of the Company and its shareholders, including with respect to future acquisitions or strategic decisions involving the Company's business. It is possible that conflicts of interest may arise between the Company and Aurora, and that such conflicts may not be resolved in a manner that is in the best interests of the Company or its shareholders. Additionally, Aurora and its affiliates will have access to material confidential information respecting the Company.

Future Changes in Relationship with Aurora

The arrangements between the Company and Aurora do not require Aurora, either directly or indirectly, to maintain any ownership level in the Company. Accordingly, Aurora may transfer all or a substantial portion of its interest in the Company to a third party, including in a merger or consolidation or sale of the common shares, without the consent of the Company or its shareholders, but subject to market conditions, Aurora's requirements for capital or other circumstances that may arise in the future. The interests of a transferee of the common shares may be different from Aurora's and may not align with those of other shareholders. The Company cannot predict with any certainty the effect that any such transfer would have on the trading price of the common shares or the Company's ability to raise capital in the future. As a result, the future of the Company would be uncertain and the Company's business and financial condition may suffer.

Environmental

Safety, health and environmental laws and regulations affect nearly all aspects of the Company's operations, including product development, working conditions, waste disposal, emission controls, the maintenance of air and water quality standards and land reclamation, and, with respect to environmental laws and regulations, impose limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

Continuing to meet GMP standards, which the Company follows voluntarily, requires satisfying additional standards for the conduct of its operations and subjects the Company to ongoing compliance inspections in respect of these standards. Compliance with safety, health and environmental laws and regulations can require significant expenditures, and failure to comply with such safety, health and environmental laws and regulations may result in the imposition of fines and penalties, the temporary or permanent suspension of operations, the imposition of clean-up costs resulting from contaminated properties, the imposition of damages and the loss of or refusal of governmental authorities to issue permits or licenses to us or to certify our compliance with GMP standards.

Exposure to these liabilities may arise in connection with the Company's existing and future operations as well as its historical operations. The Company could also be held liable for worker exposure to hazardous substances and for accidents causing injury or death. There can be no assurance that the Company will always be in compliance with all safety, health and environmental laws and regulations notwithstanding the Company's attempts to comply with such laws and regulations.

Changes in applicable safety, health and environmental standards may impose stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The Company is not able to determine the specific impact that future changes in safety, health and environmental laws and regulations may have on the Company's industry, operations and/or activities and its resulting financial position; however, the Company anticipates that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent safety, health and environmental laws and regulations. Further changes in safety, health and environmental laws and regulations, new information on existing safety, health and environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits in relation thereto, may require increased compliance expenditures by the Company.

Cost Control

Success will largely be predicated upon Radiant's ability to use its technology to develop, sell and distribute consistent, high quality, products at competitive prices, and at a commercial scale. There can be no assurance that Radiant will be able to develop, sell and distribute its products and technology at competitive prices. Failure to do so will result in smaller profit margins or losses.

Technology Scale-Up

Radiant has successfully completed scale-up of its technology to commercial scale. The success of Radiant's business will be largely dependent on the ability to replicate its technology, and its inherent benefits on a commercial scale for different biomasses. Failure to do so will result in an inability to secure commercial contracts.

Competition

While the Radiant MAP™ technology is potentially disruptive in the marketplace, the industrial technology industry is intensely competitive in all its phases, and Radiant will compete with many companies that have substantially greater financial and technical resources.

New technology may be developed, and new advances may significantly reduce the value of Radiant's MAP™ technology. In recent history, Radiant has not sold its technology on a commercial scale, and it will compete against more established companies, some of which have greater financial, marketing and other resources than that of Radiant.

There can be no assurance that potential competitors of Radiant, which may have greater financial, R&D, sales and marketing and personnel resources than Radiant, are not currently developing, or will not in the future develop, products and strategies that are equally or more effective and/or economical as any products or strategies developed by Radiant or which would otherwise render its products or strategies obsolete.

Radiant operates within competitive markets and the Company believes that it has adopted a competitive business strategy. However, Radiant's business, results, operations and financial condition could be materially adversely affected by the actions of its competitors (including their marketing and pricing strategies and product and services). Radiant may be forced to change the nature of its business as a result of competitive factors and there is no assurance that Radiant will be able to compete successfully in the market place in which it seeks to operate.

Customer Concentration

Although Radiant has not generated significant revenue in recent history, nor is there any assurance thereof, its marketing strategy is not to rely on large volumes of customers but instead on a small number of high volume customers. As Radiant expects to have a small number of customers, the loss of any one could have a material adverse effect on its revenues and financial results.

Dependence on Key Personnel

The success of Radiant depends upon attracting and retaining the services of its management team as well as Radiant's ability to attract and retain a sufficient number of other highly qualified personnel to run the business. There is substantial competition for highly qualified personnel in the biotechnology industry, as well as the Alberta marketplace. As most key personnel devote their full time to the business, the loss of any member of Radiant's management team or other key person could have a material adverse effect on its business. As Radiant's level of business activity grows, it will require additional key administrative and marketing personnel. There can be no assurance that the Company will be successful in hiring such personnel.

Volatility in the Capital Markets

Under present market conditions, publicly traded securities in the industrial technology and cannabis industries, have at times, seen significant price volatility. The market for securities of industrial technology and cannabis companies may be subject to market trends regardless of the success of Radiant. A volatile capital market may impede the ability to undertake future financings, strategic alliances and acquisitions.

Additional Financing

Radiant has not generated significant revenues in its recent history. As a growing business, Radiant's need for operational capital will also grow. The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that additional financing can be obtained on terms favourable to Radiant or on any terms. Failure to raise the necessary funds in a timely fashion may also limit Radiant's ability to move its programs forward in a timely and satisfactory manner, or to abandon the programs or force it to pursue alternative strategic options; any of which would harm its business, financial condition and results of operations, or affect its ability to continue operating.

Government Regulation

If Radiant, or any future marketing collaborators or contract manufacturers, fail to comply with applicable regulatory requirements, the Company may be subject to sanctions including fines, product recalls or seizures and related publicity requirements, injunctions, total or partial suspension of production, civil penalties, suspension or withdrawals of previously granted regulatory approvals, warning or untitled letters, refusal to approve pending applications for marketing approval of new products, import or export bans or restrictions, and criminal prosecution and penalties. Any of these penalties could delay or prevent the promotion, marketing or sale of Radiant products and product candidates.

Risks Related to Intellectual Property

Radiant's success and ability to compete effectively will depend, in part, on its ability to maintain the proprietary nature of its technology and manufacturing processes, the ability to secure and protect its patents, trade secrets, trademarks and other intellectual property rights either developed internally or acquired, and to operate without infringing on the proprietary rights of others or having third parties circumvent the rights that it owns or licenses. There can be no assurance that any of Radiant's patents will be sufficiently broad to protect the Company's technology or that they will not be challenged or found to be invalid.



OUTSTANDING SHARE DATA

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

Common shares issued and outstanding: 259,636,644

Stock options

11,278,759 are issued and outstanding with a weighted average exercise price of \$0.87. 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

382,290 are issued and outstanding with an exercise price of \$1.50. Each of these finders' options entitles its holder to purchase one common share of the Company until July 31, 2020.

1,521,900 finders' options with a weighted average exercise price of \$1.16 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 1,312,000 common shares and 656,000 common share purchase warrants entitling the holder to subscribe for additional common shares at a weighted average price of \$1.46 per common share until July 31, 2020.

Warrants

43,759,223 are issued and outstanding with a weighted average exercise price of \$0.86. 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 TSX Venture Exchange and will be subject to approval for each successive 2-year renewal term. Common shares with a value of \$56,825 USD and \$14,705 CAD have been issued as of the date of this MD&A for services rendered during the three months ended June 30, 2018.

The fully diluted capital of the Company, including common shares, options, warrants and pending conversion of liabilities is 317,024,916 common shares as at the date of this MD&A.



FORWARD LOOKING STATEMENTS

The MD&A offers our assessment of Radiant's future plans and operations as of July 24, 2018 and contains forward-looking statements. 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 Radiant will derive from them. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless required by law.

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.



OTHER SHAREHOLDER INFORMATION

Directors

Denis Taschuk, CA (Board Member, Compensation Governance & Nominating Committee) (Non-Independent)
Harry Kaura (Board Member, Health & Safety Committee) (Non-Independent)
Mike Cabigon (Board Member, Health & Safety Committee) (Non-Independent)
Steve Dauphin (Board Member, Audit Committee (Chairman) Compensation Governance & Nominating Committee)
Jith Veeravalli (Board Member)
Francesco Ferlaino (Board Member (Chairman), Audit Committee, Compensation Governance & Nominating Committee (Chairman))
Dimitris Tzanis (Board Member)
Jan Petzel (Board Member, Audit Committee)
Steven Splinter (Board Member) (Non-Independent)
Terry Booth (Board Member)

Officers

Denis Taschuk, CA (President and Chief Executive Officer)
Mike Cabigon (Chief Operating Officer)
Steven Splinter, PhD (Chief Technology Officer and Corporate Secretary)
Prakash Hariharan, (Chief Financial Officer)

Corporate Counsel

Fasken Martineau DuMoulin LLP, 2900 – 550 Burrard Street, Vancouver BC

Auditors

Grant Thornton LLP, Chartered Accountants, 1701 Scotia Place 2, 10060-Jasper Avenue, Edmonton AB

Trust Agent

AST Trust Company (Canada), 600 Dome Tower, 333-7th Avenue S.W., Calgary, AB

Contacts (780-465-1318)

Corporate & Strategic – Denis Taschuk
Investor Relations – Mike Cabigon
Administration & Finance – Prakash Hariharan