

Radiant Technologies Inc.

Interim Condensed Financial Statements

Three Months Ended June 30, 2017 and 2016
(Unaudited)

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Radiant Technologies Inc.

Interim Condensed Balance Sheets

(Unaudited)

As at

June 30,
2017

March 31,
2017

Assets

Current assets

Cash	\$ 9,894,967	\$ 8,507,747
Restricted cash (Note 6)	1,960,000	1,960,000
Accounts receivable	170,191	165,066
Prepays and deposits	383,582	178,103
Inventory	26,554	26,554
	12,435,294	10,837,470

Non-current assets

Advances to related company (Note 7)	90,366	103,102
Investment in related company (Note 7)	1,204,148	1,194,148
Patents	29,090	34,545
Plant and equipment (Note 3)	2,875,891	2,938,363
	4,199,495	4,270,158

Total assets	\$ 16,634,789	\$ 15,107,628
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Liabilities

Current liabilities

Accounts payable and accrued liabilities	\$ 1,051,771	\$ 1,093,984
Convertible debenture (Note 6)	1,949,408	1,941,631
Repayable government contributions (Note 10)	-	878,300
Current portion of royalty financial liability (Note 8)	-	26,879
Current portion of long-term debt (Note 9)	163,997	111,723
Current portion of due to related company (Note 7)	50,053	50,053
Current portion of lease obligation	12,186	11,790
	3,227,415	4,114,360

Non-current liabilities

Royalty financial liability (Note 8)	5,325,210	5,185,847
Long-term debt (Note 9)	1,212,183	500,334
Lease obligation	2,191	5,390
Other long-term liabilities	106,108	106,219
Due to related company (Note 7)	789,228	799,384
	7,434,920	6,597,174

Shareholders' equity	5,972,454	4,396,094
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Total liabilities and shareholders' equity	\$ 16,634,789	\$ 15,107,628
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See accompanying notes to the financial statements

Approved by the Board of Directors:

Director (signed by) "Denis Taschuk"

Director (signed by) "Francesco Ferlano"

Radiant Technologies Inc.

Interim Condensed Statements of Operations and Comprehensive Loss

(Unaudited)

For the three months ended June 30

2017

2016

Revenues

Contract manufacturing	\$	95,922	\$	-
		95,922		-

Cost of revenues

Contract manufacturing		89,483		-
		89,483		-
		6,439		-

Expenses

General and administrative		830,762		287,745
Production plant		311,819		159,844
Financing fees (Note 14)		231,487		205,561
Laboratory		157,181		93,516
Depreciation and amortization		116,384		112,172
Marketing		74,817		52,800
Quality control and assurance		19,416		-
		1,741,866		911,638
Loss before other income (expenses)		(1,735,427)		(911,638)

Other income (expenses)

Rental income		31,264		31,264
Interest and other income		10,011		3,158
Allocation of related company income (Note 7)		10,000		-
Share-based payments (Note 11)		(3,929,044)		(85,557)
Foreign exchange (loss) gain		(10,113)		3,911
Other expenses		(13,313)		-
		(3,901,195)		(47,224)
Net loss and comprehensive loss	\$	(5,636,622)	\$	(958,862)

Basic and diluted loss per common share

\$	(0.04)	\$	(0.02)
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Weighted average number of common shares outstanding

158,923,114	57,059,178
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See accompanying notes to the financial statements

Radiant Technologies Inc.

Interim Condensed Statements of Cash Flows

(Unaudited)

For the three months ended June 30

2017

2016

Operating Activities

Net loss	\$ (5,636,622)	\$ (958,862)
Add (deduct) items not affecting cash:		
Share-based payments (Note 11)	3,929,044	85,557
Depreciation and amortization	116,384	112,171
Finance fees accretion and amortization (Note 14)	149,497	161,123
Interest expense (Note 14)	81,990	44,438
Doubtful debts provision	31,264	-
Allocation of related company income (Note 7)	(10,000)	-
Accretion of rent liability	(111)	8,952
	(1,338,554)	(546,621)
Change in non-cash operating working capital (Note 4)	(284,165)	4,202
Cash used in operating activities	(1,622,719)	(542,419)

Financing Activities

Proceeds from exercise of warrants (Note 11)	3,253,308	-
Proceeds from private placements (Note 11)	-	433,959
Share issuance costs	(19,370)	(19,518)
Interest paid	(26,713)	(25,020)
Repayment of long-term debt	(119,370)	(31,856)
Repayment of due to related company	(12,513)	(12,513)
Repayment of lease obligation	(2,803)	-
Repayment of royalty financial liability (Note 8)	(26,879)	-
Cash provided by financing activities	3,045,660	345,052

Investing Activities

Advances from related company	12,736	572
Purchase of plant and equipment, net of grant revenue and investment tax credits applied (Note 3)	(48,457)	-
Cash used in investing activities	(35,721)	572

Net increase (decrease) in cash	1,387,220	(196,795)
Cash, beginning of year	8,507,747	425,016
Cash, end of the period	\$ 9,894,967	\$ 228,221

Non-cash transactions (Note 4)

See accompanying notes to the financial statements

Radiant Technologies Inc.

Interim Condensed Statements of Changes in Equity

(Unaudited)

	Common Shares (Note 11)	Contributed Surplus (Note 11)	Deficit	Equity
As at June 30, 2016				
Balance March 31, 2016	\$ 32,258,167	\$ 5,241,680	\$ (43,645,516)	\$ (6,145,669)
Share-based payments	-	85,557	-	85,557
Private placement	433,959	-	-	433,959
Share issuance costs	(19,518)	-	-	(19,518)
Warrant issuance	(148,055)	148,055	-	-
Net loss	-	-	(958,862)	(958,862)
Balance June 30, 2016	\$ 32,524,553	\$ 5,475,292	\$ (44,604,378)	\$ (6,604,533)

	Common Shares (Note 11)	Contributed Surplus (Note 11)	Deficit	Equity
As at June 30, 2017				
Balance March 31, 2017	\$ 40,639,772	\$ 11,718,108	\$ (47,961,786)	\$ 4,396,094
Share-based payments	-	3,929,044	-	3,929,044
Warrant exercises	4,884,143	(1,630,835)	-	3,253,308
Conversion of interest payable	50,000	-	-	50,000
Share issuance costs	(19,370)	-	-	(19,370)
Warrant issuance	(18,750)	18,750	-	-
Net loss	-	-	(5,636,622)	(5,636,622)
Balance June 30, 2017	\$ 45,535,795	\$ 14,035,067	\$ (53,598,408)	\$ 5,972,454

See accompanying notes to the financial statements

Radiant Technologies Inc.

Notes to the Interim Condensed Financial Statements

June 30, 2017
(unaudited)

1. Nature of operations and general information

Radiant Technologies Inc. ("Radiant") was incorporated on June 12, 2001. The Company is in the business of research, development and commercialization of an efficient and environmentally responsible technology for the extraction, isolation and purification of soluble products from a wide range of materials using microwave technology. The ordinary shares are listed on the TSXV under the symbol "RTI". The Company's registered and primary place of business is located at 8223 Roper Road, Edmonton, Alberta T6E 6S4.

2. Basis of presentation and going concern

The interim condensed financial statements have been prepared in accordance with International Accounting Standard 34: "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and do not include all the information required for full annual financial statements. The same accounting policies were followed in the preparation of these interim condensed financial statements as were followed in the preparation of the annual financial statements for the year ended March 31, 2017. Accordingly, these interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2017.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments at fair value through profit and loss.

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

These financial statements, including comparatives, were authorized for issue by the Board of Directors of the Company on August 28, 2017.

These financial statements are prepared on a going concern basis, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations as they become due. The Company's ability to generate sufficient cash flows to maintain normal operations, if unsuccessful, will result in it not being able to continue as a going concern.

The Company has incurred significant losses to date. The net loss for the three months ended June 30, 2017 totalled \$5,636,622 (2016 - \$958,862) and as at June 30, 2017 the Company had a deficit of \$53,598,408 (March 31, 2017 - \$47,961,786). These balances indicate there is uncertainty about the Company's ability to continue as a going concern.

Management has been able, thus far, to finance operations through debt and equity financings and will continue, as appropriate, to seek financing from these and other sources; however, there are no assurances that any such financings can be obtained on favourable terms, if at all. In view of these conditions, the ability of the Company to continue as a going concern is dependent upon its continued ability to obtain financing, generate sufficient cash flows and, ultimately, achieve profitable operations. The financial statements for the periods presented do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business as a going concern and that such adjustments could be material.

At March 31, 2017, the Company had paid all the arrears on its royalty financial liability and long-term debt but remained in arrears related to its repayable government contributions. During the three months ended June 30, 2017, the Company restructured its repayable government contributions with the remaining balance to be paid over 8 years. Subsequent to June 30, 2017, the Company reached an agreement to exchange its royalty financial liability for common shares of the Company (see Note 16).

Radiant Technologies Inc.

Notes to the Interim Condensed Financial Statements

June 30, 2017
(unaudited)

2. Basis of presentation and going concern (cont'd)

During the year ended March 31, 2017 the Company completed four private placements that raised gross proceeds of \$14.2 million (Note 11) as well as the placement of a convertible debenture for gross proceeds of \$2.0 million (Note 6). During the three months ended June 30, 2017, the company issued 14,345,476 common shares related to warrant exercises for total proceeds of \$3,523,308. These additional funds have resulted in a working capital surplus at June 30, 2017 of \$9,207,878 (March 31, 2017 - \$6,723,110) in comparison to a working capital deficiency of \$3,982,244 at March 31, 2016. The current working capital surplus is being used to fund operations including the restart of the Company's plant during the year ended March 31, 2017. Subsequent to June 30, 2017, the convertible debenture was converted to units of the Company pursuant to the acceleration provisions of the debenture (see Note 6).

3. Plant and equipment

	Laboratory equipment	Computer equipment	Office furniture	Production equipment	Leasehold improvements	Total
Cost						
Balance March 31, 2016	\$ 1,263,607	\$ 47,289	\$ 3,260	\$ 5,145,360	\$ 5,148,532	\$ 11,608,048
Additions	3,208	3,250	-	-	-	6,458
Balance March 31, 2017	\$ 1,266,815	\$ 50,539	\$ 3,260	\$ 5,145,360	\$ 5,148,532	\$ 11,614,506
Additions	-	43,457	5,000	-	-	48,457
Disposals	-	(29,669)	-	-	-	(29,669)
Balance June 30, 2017	\$ 1,266,815	\$ 64,327	\$ 8,260	\$ 5,145,360	\$ 5,148,532	\$ 11,633,294
Accumulated depreciation and impairment						
Balance March 31, 2016	\$ 1,178,364	\$ 43,155	\$ 2,880	\$ 3,043,270	\$ 3,974,463	\$ 8,242,132
Depreciation	22,681	2,236	380	261,282	147,432	434,011
Balance March 31, 2017	\$ 1,201,045	\$ 45,391	\$ 3,260	\$ 3,304,552	\$ 4,121,895	\$ 8,676,143
Depreciation	8,217	1,978	-	63,877	36,857	110,929
Disposals	-	(29,669)	-	-	-	(29,669)
Balance June 30, 2017	\$ 1,209,262	\$ 17,700	\$ 3,260	\$ 3,368,429	\$ 4,158,752	\$ 8,757,403
Carrying value						
March 31, 2017	\$ 65,770	\$ 5,148	\$ -	\$ 1,840,808	\$ 1,026,637	\$ 2,938,363
June 30, 2017	\$ 57,553	\$ 46,627	\$ 5,000	\$ 1,776,931	\$ 989,780	\$ 2,875,891

Included in prepaids and deposits is \$224,438 which is an advance payment on the purchase of a Mass Spectrometer system. This purchase will be completed during the fiscal year by way of a capital lease and will be included in laboratory equipment. The total cost of the equipment will be \$448,376.

4. Change in non-cash operating working capital

	June 30, 2017	June 30, 2016
Accounts receivable	\$ (36,389)	\$ (35,599)
Prepaids and deposits	(205,479)	(18,734)
Accounts payable and accruals	(42,297)	58,535
Net change in non-cash operating working capital	\$ (284,165)	\$ 4,202

Non-cash transactions

Payment of arrears interest on repayable government contributions through advance on debt	\$ 5,193	\$ -
Extinguishment of repayable government contributions	(888,493)	-
Conversion to long-term debt	888,493	-
Settlement of interest payable through issuance of shares	\$ 50,000	\$ -

Radiant Technologies Inc.

Notes to the Interim Condensed Financial Statements

June 30, 2017
(unaudited)

5. Capital management

The capital structure of the Company consists of long-term liabilities and equity (deficiency).

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

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

The Company has historically financed operations and capital expansions mainly by receiving funds borrowed from creditors and obtained from investors by issuing convertible promissory notes and preferred and common shares. If so required and available, the Company will continue this practice in the future. During the year ended March 31, 2017 the Company completed four successful private placements for gross proceeds of \$14.2 million (Note 11).

Capital Structure:

	June 30, 2017	March 31, 2017
Royalty financial liability (Note 8)	\$ 5,325,210	\$ 5,185,847
Due to related company (Note 7)	789,228	799,384
Long-term debt (Note 9)	1,212,183	500,334
Other long-term liabilities	106,108	106,219
Lease obligation	2,191	5,390
Net debt	7,434,920	6,597,174
Shareholders' equity	5,972,454	4,396,094
	\$ 13,407,374	\$ 10,993,268

The Company is not subject to externally imposed capital requirements. There has been no change with respect to the overall capital risk management strategy during the three months ended June 30, 2017.

6. Convertible debenture

On February 13, 2017, the Company issued a \$2,000,000 convertible debenture to Aurora Cannabis Inc. (the holder). All or a portion of the principal amount of the debenture is convertible into units of the Company at a conversion price of \$0.14 per unit, at the option of the holder, at any time prior to the maturity date of February 13, 2019. Each unit is comprised of one common share of the Company and one common share purchase warrant, exercisable within 24 months, for one common share of the Company at an exercise price of \$0.33 per warrant. The total number of common shares that could be issued on conversion is 14,285,714 with an additional 14,285,714 that would be issued if the warrants are exercised.

The debenture bears interest at 10% per annum on the outstanding principal sum and is payable quarterly in arrears. This interest payable will be converted to units of the Company at the market price on the quarterly anniversary date unless this conversion would result in the holder of the debenture holding more than 19.9% of the common shares of the Company. In this case, the interest will be paid in cash. During the three months ended June 30, 2017, 104,167 units of the Company were issued in exchange for \$50,000 quarterly interest due (see Note 11).

Radiant Technologies Inc.

Notes to the Interim Condensed Financial Statements

June 30, 2017
(unaudited)

6. Convertible debenture (cont'd)

At any time during the period from February 13, 2017 to June 13, 2017, the Company was able to provide the holder of the debenture written notice of its intention to repay the principal sum outstanding. If this occurred, the holder would have 30 days to decide if they wish to convert the debenture or accept repayment. The Company did not exercise this repayment option.

Furthermore, at any time during the period from February 13, 2017 to July 13, 2017, the holder may demand immediate repayment of any principal sum outstanding under the debenture. As at June 30, 2017 and subsequent to year end, no demand request was made.

Finally, the aggregate principal amount of the debenture is subject to a mandatory conversion provision if at any time following July 13, 2017 either of the following conditions occur:

- a) The volume weighted average price of the Company's common shares equals or exceeds \$0.40 per share for 10 consecutive trading days, or
- b) The Company and the holder enter into an exclusivity, licensing, service or similar agreement.

The Company paid the holder a fee of \$40,000, representing 2% of the gross proceeds of the debenture, as well as legal fees and expenses of \$22,386 related to the issuance of the debenture. During the three months ended June 30, 2017, \$7,777 (2016 - \$nil) of these fees were amortized. Under the terms of the debenture, the proceeds are to be used for purposes of research activities as agreed to with the holder under a separate agreement or as approved by the holder in writing. At June 30, 2017, the net proceeds received of \$1,960,000 is considered restricted cash to be used for research activities over the next 12 months as per the agreement.

The debenture contains two components consisting of a liability and an equity element. However, as the debenture has a demand provision during the period February 23, 2017 to July 13, 2017, the liability component must be recorded as the full amount of the debenture payable on demand. The equity component was subsequently valued at \$nil.

The balance of the convertible debenture is as follows:

	Three months ended June 30, 2017	Year ended March 31, 2017
Outstanding, beginning of the period	\$ 2,000,000	\$ -
Issued	-	2,000,000
Outstanding, end of the period	2,000,000	2,000,000
Financing fees net of amortization	(50,592)	(58,369)
	\$ 1,949,408	\$ 1,941,631

As at June 30, 2017 accrued interest of \$26,630 (March 31, 2017 - \$26,404) is included in accounts payable and accrued liabilities.

Subsequent to June 30, 2017, the acceleration provisions of the debenture were met. See Note 16 Post reporting date events for further details.

Radiant Technologies Inc.

Notes to the Interim Condensed Financial Statements

June 30, 2017
(unaudited)

7. Investment in, advances to (from) and due to related company

	June 30, 2017	March 31, 2017
Investment in related company		
Purchase price of shares	\$ 1,050,000	\$ 1,050,000
Income allocation	154,148	144,148
	\$ 1,204,148	\$ 1,194,148
Advances to related company	\$ 90,366	\$ 103,012
Due to related company		
Loan payable to 1631807 Alberta Ltd.	\$ 1,034,147	\$ 1,046,660
Deferred financing costs	(194,866)	(197,223)
	839,281	849,437
Current portion	(50,053)	(50,053)
	\$ 789,228	\$ 799,384

On February 9, 2016, 1396730 Alberta Ltd., a company controlled by one of the directors of the Company, issued a notice of default to the Company regarding the loan between the Company and 1631807 Alberta Ltd. that is guaranteed by 1396730 Alberta Ltd. Pursuant to the agreement, 1396730 Alberta Ltd. has the right to the shares of 1631807 Alberta Ltd. that the Company pledged as collateral in exchange for the guarantee provided by 1396730 Alberta Ltd. For the year ended March 31, 2016, the Company reached an agreement with 1396730 Alberta Ltd. to continue repaying the loan on existing terms and repay the arrears during fiscal 2017. During the year ended March 31, 2017 the Company paid all arrears related to this loan. 1396730 Alberta Ltd. has agreed that the joint venture and existing loan will continue pending the removal of the existing guarantee by way of refinancing of the loan. The Company is actively exploring options for refinancing the loan. Should the proposed refinancing not be completed, the ownership of the Company's shares of 1631807 Alberta Ltd. would revert to 1396730 Alberta Ltd. and the Company's investment in 1631807 Alberta Ltd. would end.

As the Company continues to exert joint control over 1631807 Alberta Ltd. the Company continues to account for its investment in 1631807 Alberta Ltd. using the equity method.

8. Royalty financial liability

	Three months ended June 30, 2017	Year ended March 31, 2017
Outstanding, beginning of the period	\$ 5,212,726	\$ 5,125,746
Revision of repayment timing	-	(444,098)
Repayments	(26,879)	(33,497)
Accretion	139,363	564,575
Outstanding, end of the period	5,325,210	5,212,726
Current portion	-	(26,879)
	\$ 5,325,210	\$ 5,185,847

During the year ended March 31, 2017, the Company remedied all amounts which were in arrears at March 31, 2016. On July 19, 2017, the Company reached an agreement with AVAC Ltd. to settle the total amount owing in exchange for 9,424,330 common shares.

Radiant Technologies Inc.

Notes to the Interim Condensed Financial Statements

June 30, 2017
(unaudited)

9. Long-term debt

	June 30, 2017	March 31, 2017
Long-term debt	\$ 1,376,180	\$ 612,057
Current portion	(163,997)	(111,723)
	<u>\$ 1,212,183</u>	<u>\$ 500,334</u>

During the period ended June 30, 2017, the repayable government contributions were restructured, accounted for as an extinguishment and are now included with the long-term debt. This increased long-term debt by \$883,493. See Note 10 for additional information.

10. Repayable government contributions

	Three months ended June 30, 2017	Year ended March 31, 2017
Outstanding, beginning of the period	\$ 878,300	\$ 755,467
Accretion	-	94,108
Arrears interest	7,998	36,954
Extinguishment of repayable government contributions	(883,493)	-
Interest payments	(2,805)	(8,229)
Outstanding, end of the period	<u>\$ -</u>	<u>\$ 878,300</u>

In January 2009, the Company entered into a repayable contribution agreement with the Ministry of Agriculture and Agri-Food Canada ("Agri"). In conjunction with this agreement Agri would contribute 33.3% of eligible costs for a defined project supporting the expansion of the Company's product capacity and business development to a maximum of \$1,115,000. Total contributions received under the agreement were \$1,086,313.

The contributions were repayable in 60 equal monthly instalments of \$18,583 which commenced on January 1, 2014. As the contributions were non-interest bearing, the fair value at inception was estimated as the present value of the principal payments required, discounted using the prevailing market rates of interest for a similar instrument, estimated to be 15% per annum. The difference between the fair value of the contributions and the cash received was accounted for as a government grant.

As at March 31, 2017, the repayable contributions were twenty-seven months in arrears and the Company in default of its obligation. Arrears interest was charged during the period of default with the Company recording \$7,998 during the three months ended June 30, 2017 and \$36,954 during the year ended March 31, 2017.

Radiant Technologies Inc.

Notes to the Interim Condensed Financial Statements

June 30, 2017
(unaudited)

10. Repayable government contributions (cont'd)

On May 18, 2017, the Company reached an agreement with Agri to restructure the debt. The new agreement is substantially different than the preceding one and is therefore accounted for as an extinguishment with the amount payable being converted to a long-term debt. The balance of the repayable government contributions as of May 18, 2017 was \$882,636. The new long-term debt agreement includes an initial payment of \$92,000 which was made during the three months ended June 30, 2017 and a repayment schedule commencing July 1, 2017 which results in the remaining balance being repaid over 8 years. Monthly payments are \$6,500 in years 1 and 2, \$8,500 in year 3 and \$8,000 for the remaining 5 years with the full remaining balance due June 1, 2025. Interest is compounded monthly at the Bank of Canada policy interest rate plus 3%. The repayable contributions are unsecured.

11. Share capital

a) Common shares

i) Authorized

Unlimited number of common shares without par value

ii) Issued and outstanding common shares

	Shares	Amount
Balance March 31, 2016	56,681,820	\$ 32,258,167
Issuance of shares on private placements	85,509,261	14,155,708
Warrant exercises	3,949,589	1,338,700
Conversion of payables	3,583,344	376,252
Share issuance costs	-	(924,719)
Finders' options	-	(833,178)
Finders' common shares and warrants	964,251	(1,471,910)
Warrant issuance	-	(4,259,248)
Balance March 31, 2017	150,688,265	\$ 40,639,772
Warrant exercises	14,345,476	4,884,143
Conversion of interest payable	104,167	50,000
Share issuance costs	-	(19,370)
Warrant issuance	-	(18,750)
Balance June 30, 2017	165,137,908	\$ 45,535,795

b) Private placements

During the three months ended June 30, 2017 104,167 units consisting of 104,167 common shares and 104,167 common share purchase warrants were issued to Aurora Cannabis Inc. in exchange for \$50,000 quarterly interest due on the convertible debenture (see Note 6). Units were issued based on the closing market price of the Company's common shares on May 12, 2017 of \$0.48 which is also the exercise price of the warrants.

At total of \$18,750 of the interest payable amount was allocated to the common share purchase warrants based upon their relative fair value at the date of issuance using a Black-Scholes option pricing valuation model with the following assumptions: common share purchase price \$0.51; risk-free interest rate 0.75%; expected dividend yield 0%; estimated common share price volatility 126%; estimated life of the warrants 1.67 years. The estimated volatility is based on the Company's historic volatility since May 22, 2014.

Radiant Technologies Inc.

Notes to the Interim Condensed Financial Statements

June 30, 2017
(unaudited)

11. Share capital (cont'd)

b) Private placements (cont'd)

During year ended March 31, 2017 the Company completed four private placements on various dates with specific details for each private placement summarized in the table below. Each private placement was completed in a unit offering consisting of one common share and one half common share purchase warrant. Each whole common share purchase warrant and any finders' warrants issued in each private placement were exercisable for one common share.

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

Placements during the year ended March 31, 2017

Private placement closing date	(1) Jun 29, 2016	(2) Oct 14, 2016	(3) Dec 22, 2016	(4) Mar 9, 2017	Total
Issue price per unit	\$ 0.10	\$ 0.10	\$ 0.105	\$ 0.45	
Common shares issued	4,339,590	18,217,292	47,619,050	15,333,329	85,509,261
Warrants issued	2,169,795	9,108,644	23,809,530	7,666,668	42,754,637
Warrants exercise price	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.70	
Warrant term in months	42	42	42	24	
Finders' shares issued				(5) 964,251	964,251
Finders' warrants issued	433,959	1,266,988	3,209,853	(5) 482,126	5,392,926
Finders' warrants exercise price	\$ 0.10	\$ 0.10	\$ 0.105	\$ 0.70	
Warrant term in months	24	24	24	24	
Cash proceeds summary:					
Gross proceeds	\$ 433,959	\$ 1,821,749	\$ 5,000,000	\$ 6,900,000	\$ 14,155,708
Cash issuance costs	(105,144)	(156,295)	(404,822)	(248,852)	(915,113)
Net cash proceeds on issuance	\$ 328,815	\$ 1,665,454	\$ 4,595,178	\$ 6,651,148	\$ 13,240,595
Fair value of finders' options	-	-	-	(833,178)	(833,178)
Fair value of finders' warrants	(29,465)	(121,106)	(1,215,867)	(105,472)	(1,471,910)
Total issuance costs	\$ (134,609)	\$ (277,401)	\$ (1,620,689)	\$ (1,187,502)	\$ (3,220,201)
Fair value on warrant issuance	(133,537)	(863,397)	(1,585,128)	(1,677,186)	(4,259,248)
Net value allocated to common shares	\$ 165,813	\$ 680,951	\$ 1,794,183	\$ 4,035,312	\$ 6,676,259

Notes:

(1) The private placement consisted of the second and third tranche closing on May 30 and June 29, 2016 respectively of a financing commenced in the prior fiscal year with the first tranche closing on March 31, 2016.

(2) The private placement consisted of three tranches closing on August 19, August 26, and October 14, 2016 respectively.

(3) The private placement consisted of two tranches closing on December 2 and 22, 2016 respectively.

(4) The private placement consisted of a brokered and non-brokered placement both closing on March 9, 2017.

(5) Finders' units including one common share and one half common share purchase warrant were issued as payment for finders' fees of \$433,913. Of this total, \$328,441 was allocated to common shares and \$105,472 was allocated to warrants.

Radiant Technologies Inc.

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11. Share capital (cont'd)

b) Private placements (cont'd)

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

	Jun 29, 2016	Oct 14, 2016	Dec 22, 2016	Mar 9, 2017
Common Share Purchase Warrants				
Common share market price	\$ 0.08 - 0.10	\$ 0.13 - 0.16	\$ 0.14 - 0.50	\$ 0.71
Risk free interest rate	3.75%	1.75%	1.75%	0.50%
Expected dividend yield	-	-	-	-
Estimated common share price volatility	124 - 125%	121 - 123%	119 - 131%	129%
Estimated life in years	3.5	3.5	3.5	2.0
Finders' Warrants				
Common share market price	\$ 0.08 - 0.10	\$ 0.13 - 0.16	\$ 0.14 - 0.50	\$ 0.71
Risk free interest rate	0.25%	0.50%	0.50%	0.50%
Expected dividend yield	-	-	-	-
Estimated common share price volatility	124 - 125%	121 - 123%	119 - 131%	129%
Estimated life in years	2	2	2	2

As part of the private placement on March 9, 2017, the Company also issued 1,130,500 finders' options to certain finders that entitle them to acquire 1,130,500 units at an exercise price of \$0.45 for a period of 24 months following the completion of the offering. If exercised, these units would include 1,130,500 common shares and 565,250 common share purchase warrants entitling the holder to subscribe for additional common shares at a price of \$0.70 per common share until March 9, 2019. These options remain outstanding as of June 30, 2017.

The fair value of the finders' options was estimated using the Black-Scholes option pricing model. A total of \$833,178 was recorded as share issue costs as of March 31, 2017 (\$575,424 and \$257,754 allocated to common shares and common share purchase warrants respectively). A summary of the assumptions used for each component is set out below:

	Common Shares	Common Share Purchase Warrants
Finder's Options		
Common share market price	\$ 0.71	\$ 0.71
Risk free interest rate	0.50%	0.50%
Expected dividend yield	-	-
Estimated common share price volatility	129%	129%
Estimated life in years	2	2

In addition to these private placements, during the year ended March 31, 2017 the Company issued 3,583,344 common shares as settlement for payable amounts of \$376,252 to certain creditors, employees, officers and directors of the Company.

Radiant Technologies Inc.

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11. Share capital (cont'd)

c) Warrants

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

	Three months ended June 30, 2017		Year ended March 31, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	54,911,824	\$ 0.34	11,539,987	\$ 0.40
Warrants issued	104,167	0.48	42,754,637	0.33
Finders and agent warrants	-	-	5,392,926	0.16
Warrants expired	-	-	(826,137)	0.15
Warrants exercised	(14,345,476)	0.23	(3,949,589)	0.27
Outstanding, end of period	40,670,515	\$ 0.37	54,911,824	\$ 0.34

During the three months ended June 30, 2017 and year ended March 31, 2017, warrant holders exercised common share purchase warrants and finders' warrants. The gross proceeds of these exercises plus the net value attributed to these warrants on the initial grant were recognized in common shares as summarized below:

Warrants exercised for the three months ended June 30, 2017

Warrant exercise price	Number of warrants exercised	Gross proceeds	Fair value of warrants transferred to Common Shares	Common shares
\$0.10	697,591	\$ 69,759	\$ 55,921	\$ 125,680
\$0.11	2,437,395	255,926	897,560	1,153,486
\$0.25	10,710,490	2,677,623	662,354	3,339,977
\$0.50	500,000	250,000	15,000	265,000
	14,345,476	\$ 3,253,308	\$ 1,630,835	\$ 4,884,143

Warrants exercised for the year ended March 31, 2017

Warrant exercise price	Number of warrants exercised	Gross proceeds	Fair value of warrants transferred to Common Shares	Common shares
\$0.10	1,178,408	\$ 117,841	\$ 90,275	\$ 208,116
\$0.25	1,748,681	437,170	150,927	588,097
\$0.50	1,022,500	511,250	31,237	542,487
	3,949,589	\$ 1,066,261	\$ 272,439	\$ 1,338,700

Share issue costs include \$19,370 for the three months ended June 30, 2017 (\$9,606 for the year ended March 31, 2017) of costs incurred related to warrant exercises.

Radiant Technologies Inc.

Notes to the Interim Condensed Financial Statements

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11. Share capital (cont'd)

c) Warrants (cont'd)

The following table summarizes information about warrants outstanding at June 30, 2017 and March 31, 2017.

June 30, 2017			March 31, 2017		
Exercise price	Number of warrants	Remaining contractual life (years)	Exercise Price	Number of warrants	Remaining contractual life (years)
\$ -	-	-	\$ 0.10	100,000	0.2
0.50	635,000	1.0	0.50	1,510,000	1.3
-	-	-	0.10	527,974	1.4
0.50	2,733,151	1.1	0.50	1,857,400	1.4
0.10	105,444	1.2	0.10	219,765	1.5
0.10	43,953	1.3	-	-	-
0.50	614,650	1.3	0.50	614,650	1.5
0.11	47,411	1.4	0.11	3,209,853	1.7
0.50	250,000	1.4	0.50	1,375,000	1.7
0.11	725,047	1.5	-	-	-
0.50	625,000	1.5	-	-	-
0.48	104,167	1.6	-	-	-
0.50	636,050	1.6	0.50	636,050	1.9
0.70	8,148,794	1.7	0.70	8,148,794	1.9
0.50	319,850	1.8	0.50	319,850	2.1
0.25	250,000	1.9	0.25	750,000	2.2
0.50	170,250	1.9	0.50	170,250	2.2
0.25	1,132,950	2.3	0.25	2,132,950	2.5
0.25	500,000	2.4	-	-	-
0.25	1,669,795	2.5	0.25	2,169,795	2.7
0.25	1,675,000	2.6	0.25	4,149,885	2.9
0.25	2,224,885	2.7	0.25	3,260,078	3.0
0.25	2,656,962	2.8	-	-	-
0.25	3,051,310	2.9	0.25	23,759,530	3.2
0.25	12,350,846	3.0	-	-	-
\$ 0.37	40,670,515	2.3	\$ 0.34	54,911,824	2.6

d) Stock option plan

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

Radiant Technologies Inc.

Notes to the Interim Condensed Financial Statements

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11. Share capital (cont'd)

d) Stock option plan (cont'd)

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

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

	Three months ended June 30, 2017		Year ended March 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	2,114,362	\$ 0.76	2,156,362	\$ 0.76
Options granted	8,517,765	0.66	-	-
Options expired	-	-	(42,000)	1.00
Outstanding, end of period	10,632,127	\$ 0.68	2,114,362	\$ 0.76
Exercisable, end of period	8,187,065	\$ 0.68	1,600,885	\$ 0.76

On April 3, 2017, the Company issued 8,517,765 stock options to certain officers, employees and consultants with an exercise price of \$0.66. The weighted average grant date fair value of \$0.55 was estimated using the Black Scholes option pricing model using the following grant date assumptions: grant date stock price \$0.65; risk-free interest rate 0.5%; estimated common share price volatility 128%; expected dividend yield 0%; estimated life of the options 5 years. The estimated volatility is based on the Company's historic volatility since May 22, 2014. The Company did not issue any options during the year ended March 31, 2017.

The following table summarizes information about stock options outstanding at June 30, 2017 and March 31, 2017:

June 30, 2017			March 31, 2017		
Exercise price	Number of options	Remaining contractual life (years)	Exercise price	Number of options	Remaining contractual life (years)
\$ 0.60	3,340	2.9	\$ 0.60	3,340	3.1
1.00	77,143	4.4	1.00	77,143	4.6
0.66	8,517,765	4.8	-	-	-
0.60	3,841	6.2	0.60	3,841	6.4
0.60	20,038	6.8	0.60	20,038	7.1
0.75	2,010,000	7.0	0.75	2,010,000	7.2
\$ 0.68	10,632,127	5.2	\$ 0.76	2,114,362	7.1

Radiant Technologies Inc.

Notes to the Interim Condensed Financial Statements

June 30, 2017
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11. Share capital (cont'd)

d) Stock option plan (cont'd)

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

The total share based compensation recognized during the three months ended June 30, 2017 of \$3,929,044 (2016 - \$85,557) was recorded as an expense.

12. Commitments and contingencies

Contribution agreement

On August 5, 2004, the Company signed a Contribution Agreement with Sustainable Development Technology Canada (SDTC) to fund the Company's manufacturing facility and its pilot plant expansion. SDTC would contribute 40% of all eligible costs to a maximum of \$1,000,000. That Agreement was amended November 11, 2009.

SDTC requested an audit of the expenses incurred from 2004 to 2010 on the project. As a result of this audit during the year ended March 31, 2014, it was agreed that \$90,000 would be repaid by the Company to SDTC in 18 monthly installments, beginning March 1, 2014. The balance owing to SDTC at March 31, 2016 was \$30,000. On March 9, 2017, the Company received notification from SDTC that the remaining balance of \$30,000 was forgiven. This amount has been recognized in income during the year ended March 31, 2017.

Facility leases

The Company is party to a facility lease in Edmonton, Alberta which requires minimum monthly lease payments of \$12,216 plus monthly operating costs of approximately \$7,500 commencing on October 1, 2014 through September 30, 2019.

On September 1, 2011, the Company entered into a 10-year lease with 1396730 Alberta Ltd. (subsequently transferred on December 14, 2011 to 1631807 Alberta Ltd., a related party through 50% ownership) for the Company's Edmonton production facility. Base rent under the lease is:

Years 1 - 3	\$186,435 per annum payable in equal monthly instalments
Years 4 - 6	\$222,687 per annum payable in equal monthly instalments
Years 7 - 9	\$238,223 per annum payable in equal monthly instalments
Year 10	\$268,259 per annum payable in equal monthly instalments

In addition to the above base rent, the Company is responsible to pay \$25,344 per annum in equal monthly instalments as additional rent in respect of landlord capital improvements and to pay additional rent to cover operating costs.

The Company has operating lease commitments for the twelve months ended June 30, 2018 of \$22,218 and \$2,340 for the twelve months ended June 30, 2019.

Radiant Technologies Inc.

Notes to the Interim Condensed Financial Statements

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13. Related party transactions

The following related party transactions took place in the normal course of operations and are measured at the amount of consideration established and agreed to by the related parties:

On August 4, 2015, the Company received a bridge loan from one of its officers for \$50,000. The loan was repaid during the year ended March 31, 2017.

Pursuant to the private placement that closed on October 14, 2016, one officer and one director participated in the placement for total proceeds of \$102,250.

Pursuant to the private placement that closed on December 22, 2016, two directors and three officers participated directly or indirectly in the placement for total proceeds of \$364,500.

During the year ended March 31, 2017, 2,228,569 common shares were issued to certain directors and officers of the Company as settlement for compensation related payables of \$234,000.

On April 3, 2017, the Company issued 5,821,102 stock options to its directors and key management personnel with an exercise price of \$0.66.

For the three months ended June 30, 2017 key management salaries, short-term benefits, consulting fees and director's fees were \$248,162 (2016 - \$167,000).

For the three months ended June 30, 2017 share based compensation expense was \$2,704,219 (2016 - \$53,654) for the Company's directors and key management personnel.

As at June 30, 2017 \$342,743 (2016 - \$1,159,663) 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.

14. Financing fees

For the three months ended June 30	2017	2016
Accretion of royalty financial liability	\$ 139,363	\$ 136,958
Accretion of repayable government contributions	-	24,165
Interest on convertible debenture	50,226	-
Interest on loan due to related company	15,000	15,000
Interest on long-term debt	8,226	18,555
Interest on repayable government contributions	7,998	-
Interest on lease obligation	540	-
Interest on promissory notes	-	10,669
Amortization of financing costs on convertible debenture	7,777	-
Amortization of financing costs on due to related company	2,357	-
Other	-	214
	\$ 231,487	\$ 205,561

Radiant Technologies Inc.

Notes to the Interim Condensed Financial Statements

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15. Financial instruments

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations.

The Company manages its liquidity risk by forecasting cash flow requirements for its planned development, production and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments.

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

	<1 year		1 to 3 years		4 to 5 years		>5 years		Total
Accounts payable and accrued liabilities	\$	1,051,772	\$	-	\$	-	\$	-	\$ 1,051,772
Convertible debenture		1,949,408		-		-		-	1,949,408
Long-term debt		220,950		465,899		401,183		521,144	1,609,176
Lease obligation		13,371		2,229		-		-	15,600
Royalty financial liability		132,035		1,412,022		2,081,675		5,949,785	9,575,517
Due to related company		110,741		212,472		200,460		1,154,660	1,678,333
Balance June 30, 2017	\$	3,478,277	\$	2,092,622	\$	2,683,318	\$	7,625,589	\$ 15,879,806
Accounts payable and accrued liabilities	\$	1,093,984	\$	-	\$	-	\$	-	\$ 1,093,984
Convertible debenture		1,941,631		-		-		-	1,941,631
Repayable government contributions		878,300		-		-		-	878,300
Long-term debt		142,950		285,899		237,162		30,982	696,993
Lease obligation		13,371		5,571		-		-	18,942
Royalty financial liability		158,914		1,412,022		2,081,675		5,949,785	9,602,396
Due to related company		111,492		213,974		201,961		1,183,481	1,710,908
Balance March 31, 2017	\$	4,340,642	\$	1,917,466	\$	2,520,798	\$	7,164,248	\$ 15,943,154

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

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 minimal interest rate risk on its long-term liabilities as all are at fixed rates except for the recently converted repayable government contributions, classified as long-term debt in the period ended June 30, 2017.

For the period ended June 30, 2017, the increase or decrease in annual net income for each one percent change in interest rate on the repayable government contributions would amount to \$7,795 (2016 - \$nil).

Radiant Technologies Inc.

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16. Post-reporting date events

On July 19, 2017, the Company reached an agreement with AVAC to settle the total amount owing of \$5,325,210 (see Note 8) under the royalty financial liability in exchange for 9,424,330 common shares. This conversion will result in a decrease in non-current liabilities from \$7,434,920 to \$2,109,710 based on balances at June 30, 2017. The conversion remains subject to approval of the TSX Venture Exchange.

On July 28, 2017, the convertible debenture of \$2,000,000 outstanding at June 30, 2017 issued to Aurora Cannabis Inc. (Aurora) on February 13, 2017 (see Note 6) 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.

Furthermore, on the same date, 77,540 units consisting of 77,540 common shares and 77,540 common share purchase warrants exercisable prior to February 13, 2019 were issued to Aurora in exchange for the final interest payment of \$41,096 interest due on the convertible debenture. Units were issued based on the closing market price of the Company's common shares on July 27, 2017 of \$0.53 which is also the exercise price of the warrants.

On August 28, 2017, the Company approved to issue 700,000 stock options to certain employees and consultants with an exercise price based on the Company's closing share price as of that date.

Additionally, on August 28, 2017, the Company approved a share for service agreement with a third party in exchange for business development services. Pursuant to the terms of the agreement, the Company may issue common shares in exchange for up to \$250,000 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 of each quarter. The agreement is subject to approval by the TSX Venture Exchange and will be subject to approval for each successive two-year renewal term.

17. Comparative figures

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