RADIENT®

Management's Discussion & Analysis

Three and nine months ended December 31, 2017

Dated February 27, 2018

February 27, 2018

This Management Discussion and Analysis ("MD&A") for Radient Technologies Inc. (the "Company" or "Radient") should be read in conjunction with Radient's unaudited interim condensed financial statements and related notes for the three and nine months ended December 31, 2017 and the MD&A and audited financial statements for the year ended March 31, 2017. The statements and additional information about Radient 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 financial statements are prepared in accordance with International Accounting Standard ("IAS") 34: "Interim Financial Reporting." The notes to the interim condensed 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

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

Radient 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 enter the fast-growing cannabinoids market utilizing an extraction platform to process and extract cannabinoids including cannabidiol ("CBD") and tetrahydrocannabinol ("THC") from cannabis biomass.

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

Background

Radient was founded in 2001 by Dr. Steven Splinter, its current Chief Technology Officer, and Vizon SciTec Inc. ("Vizon"), formerly BC Research Inc., to pursue commercial opportunities related to the patented platform Microwave Assisted Process natural product extraction technology for applications in the pharmaceutical, nutraceutical, food and 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 Radient'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, Radient 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, Radient 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 Radient and Vizon granting a sub-license to Radient for Radient to use the MAP™ technology. In 2003, Radient 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 concepts 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, Radient 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, Radient migrated to its own leased laboratory and pilot plant facilities in North York, Ontario and Whitby, Ontario, respectively. During this period, Radient 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, Radient grew revenues from nil to $1.8 million and processing demands began to exceed the capacity of its Whitby pilot plant. In 2008, therefore, 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, Radient 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 Radient, including access to unique bio-processing research infrastructure, proximity to biomass feedstocks of interest to Radient's strategic partners and a critical mass of research and processing expertise. Radient moved into new headquarters and laboratory space in Edmonton and began construction of the Edmonton production facility in late 2010. The Edmonton production facility, housed in a 20,000 square feet building is designed to be Good Manufacturing Practises (GMP) compliant for natural health products and is now in commercial operations.

On May 22, 2014, pursuant to a plan of arrangement, Radient amalgamated with Madison Capital Corporation, a Capital Pool Company ("CPC") as defined pursuant to Policy 2.4 of the TSX Venture Exchange, incorporated pursuant to the provisions of the Alberta Business Corporations Act ("ABCA") on June 13, 2011 and continued under the Canada Business Corporations Act on May 14, 2014, forming a new entity called "Radient Technologies Inc.". This transaction constituted the qualifying transaction of Madison in accordance with the requirements of the TSX Venture Exchange Policy 2.4 – *Capital Pool Companies*. Radient trades on the TSX Venture Exchange under the symbol "RTI".

In December 2016, Radient 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 JV, Aurora invested $2,000,000 into Radient via a convertible debenture. All or a portion of the principal amount of the debenture was 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. As well, the convertible debenture would automatically convert into units of the Company in certain circumstances. Each unit was 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 was 14,285,714 with an additional 14,285,714 that would be issued if the warrants were exercised

In February 2017, the companies announced that preliminary assessments produced encouraging results. As a result, the research collaboration was furthered to the second phase, which involved preliminary scale up activities and testing. This second phase was completed after the Company's fiscal year-end, with the results being announced on June 5, 2017. 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 nine months ended December 31, 2017, 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 controlled substances for research and development 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 License 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 Radient pursuant to certain rights granted to Aurora under the Investor Rights Agreement.

On December 12, 2017, the Company announced that Aurora completed a $12 million strategic investment in Radient. The strategic investment was structured as follows:

- Aurora exercised all common share purchase warrants that they held at that time which included 15,856,321 warrants for total proceeds of $5.8 million

- 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 December 31, 2017, Aurora held 37,643,431 Common Shares and 4,541,889 common share purchase warrants of Radient representing approximately 17.02% of the issued and outstanding Common Shares and 15.71% of the issued and outstanding Common Shares on a fully-diluted basis.

Additionally, on December 11, 2017, the Company announced the signing of a 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. The agreement has an initial term of five years, with an option for TLS to renew the agreement for an additional five years. TLS is a private, Alberta-based pharmaceutical manufacturer. TLS is well positioned to develop innovative, pharma-grade cannabis and CBD-based products at scale, enabled by the economic and operational advantages provided by Radient's platform. Both TLS and the Company will require their applicable Health Canada licenses (Licensed Producer or Licensed Dealer status) before services under the MSA can commence.

On January 9, 2018, the Company entered into a binding letter of intent with 1396730 Alberta Ltd, a company owned by the Amnor Group, to acquire a 100% interest in 1631807 Alberta Ltd. (the "JV Company"). The Amnor Group is controlled by Harry Kaura, a director of the Company. The JV Company owns the land and building that contains the 20,000 square feet manufacturing facility in Edmonton, Canada operated by Radient. Pursuant to this transaction, Radient will be issuing 1,246,449 Common Shares to 1396730 Alberta Ltd. as consideration for a 100% ownership in the JV Company. This transaction remains subject to certain customary closing conditions, including (i) the satisfactory completion of due diligence by

Radient; (ii) the execution of definitive documentation; and (iii) the approval of the transaction by the TSX Venture Exchange. In addition, Radient expects to acquire two additional adjacent parcels of land (the "Adjacent Land") from the Amnor Group in order to allow it future expansion of its state of the art facilities housing its unique MAP™ based extraction platform to produce high quality cannabis extracts. The acquisition of the adjacent Land is expected to add an additional 80,000 sq. ft. plus of real estate that will complement the existing industrial scale MAP™ facility.

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. Radient was ranked #1 of the 10 companies to have qualified within the diversified industries sector.

Additionally, on February 26, 2018, the Company announced the signing of a 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. Bonify is a private, Manitoba-based Canadian Licensed producer of medical cannabis. Bonify is a leading provider of medical cannabis, with over 1,000,000 square feet of potential productive capacity at its present site in Winnipeg, Manitoba, Canada. The Company will require the applicable Health Canada licenses (Licensed Producer or Licensed Dealer status) before services under the MSA can commence.

The Technology

Radient'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 contained in-core heating of the biomass 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 not 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. 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 (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 Radient'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 (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.

Another key aspect of MAP™ is the fact that Radient 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 (microwave cavity) design and control. Much of Radient's intellectual property is centered around 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 Radient's proprietary large-scale continuous flow MAP™ extractor design.

Finally, a further important feature of Radient'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. Radient'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 that require heating by the normal processes of convection, conduction and radiation phenomena through hot external surfaces requires 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, Radient'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 Radient'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, Radient'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 Radient 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. Radient'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, Radient has completed numerous feasibility and scale studies and has proven the effectiveness of MAP™ for a broad range of biomass inputs, including plants (seeds, leaves, stems, roots) and single-cell biomasses (algae, fungi) using widely varying solvent systems and for all commercially-relevant classes of natural products, including lipids, glycosides, alkaloids, phenolics, terpenes and proteins. 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 pilot scale and the Edmonton production facility, which has provided final validation for operating MAP™ plants at a scale appropriate to capture immediate value for partners. Further, the Edmonton production facility has been designed to handle up to 5 tonnes per day of input biomass. The facility's current capacity is between 1 and 2.5 tonnes per day depending on the type of biomass with the ability to increase to design capacity should business activity warrant. To increase capacity to design 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.

MAP™ has been demonstrated to be an effective extraction technology for a broad range of biomasses. Many industries such as the pharmaceutical, nutraceutical, food, beverage and personal care industries use extracts from natural materials. These industries rely on several different extraction technologies including conventional solvent and super-critical CO2 methods. The Company's MAP™ technology has been successfully demonstrated as a suitable replacement for these technologies across multiple industries.

Late in the 2017 fiscal year the Company decided to pursue cannabinoids as a second line of business. A discussion of the Company's two lines of business follows.

1. Health and Wellness

Radient can manufacture high-value natural ingredients for global customers in the Food and Beverage, Nutrition and Supplements, Pharmaceuticals and Active Care industries. Radient 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.

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

- *Industrial-Scale Extraction*: Radient 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 "Radient Solution". The "Radient Solution" is a combination of Radient's MAP™ based extraction process and Radient's substantial expertise in the critical downstream processing areas of purification and isolation.

- *Licensing*: Radient will encourage select customers to incorporate all or part of the Radient Solution in their in-house or supplier's extraction facilities to enhance productivity or efficiency of such plants.

- *Proprietary ('Captive') Products*: Radient is also evaluating select applications where Radient is developing captive products distributed through partners/distributors to capture a larger portion of the value chain. Radient will seek to secure a proprietary position where appropriate on such products, typically through process patents.

Radient is building its customer pipeline. Radient's expanding business development and sales efforts are designed to specifically target high-value sustainable markets and customers. Radient recognizes that potential customers want to fully validate the MAP™ technology before finalizing purchasing or manufacturing decisions. For this reason, Radient 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 Feasibility Studies (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.

The Company is currently manufacturing multiple personal care ingredients for a large multi-national fragrance and flavouring company. The Company expects to increase the number of ingredients manufactured for this client during fiscal 2019 and beyond and has adequate capital and sufficient plant capacity to meet the production requirements for its existing clients. The Company is also pursuing a number of early stage opportunities which it expects to be conducting, at a minimum, Stage 1 studies during the current fiscal year.

Projects undertaken recently by the Company include:

1. Mid-size US personal care ingredients company – The Company has signed Master Services Agreement with this client that will stream line future work. The Company is currently manufacturing two products for the client. This program has been in place for more than two years. Key terms were to extract active ingredients from biomasses and then provide the concentrated extract that could be used in a natural personal hygiene ingredient. This company is one of the largest providers of active ingredients to manufacturers of personal hygiene products. Work completed to date includes (a) feasibility studies, (b) scale and (c) multiple production campaigns. The client has identified a number of additional products that could be transferred to the Company. The Company expects additional products to be added over the course of fiscal 2019.

2. A large multi-national personal care company – The Company has signed a feasibility agreement with this client. The key term of the agreement was to extract a product that assists in alleviating insomnia. The Company has completed the feasibility study on this product and is waiting for feedback from the client. The next phase of this project would be to scale up the product at Radient's facility to validate the process. The Company anticipates that the client will be able to move to the next phase during the current fiscal year. If the initial project is successful, the client has identified a number of additional products that could be developed at the Company.

3. Mid-size US food ingredients company – The Company has signed Joint Development Agreement 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 initial project has been identified and the feasibility study framework is being finalized. Additional projects will be added as the biomass becomes available in the new growing season.

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. Further revenue on this project is not anticipated until fiscal 2019.

5. 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) feasibility study and (b) scale and (c) first commercial run at the end of 2017. The Company does not anticipate additional manufacturing revenues from this project until fiscal 2019.

The Company currently has adequate capital and sufficient plant capacity to meet the production requirements for its existing clients. However, the Company does not have enough highly qualified people ("HQP") in place to conduct the development and scale-up of a number of projects. These processes are essential as the processes developed at this stage are then transferred to the production facility for use in manufacturing activities. Delays in developing these processes will result in the delay in increasing non-cannabis manufacturing activities from current levels. The Company is actively recruiting HQPs from across North America to fill these positions.

The Company, to fully take advantage of its ability to market its proprietary products, along with the manufacture of certain client ingredients, will require certain additional production equipment. To pursue these opportunities, the Company would require a capital outlay (including installation) of approximately $2.0 million. Certain of the equipment has long-lead times for ordering and the Company expects that it would take approximately 12 months for the equipment to be ordered, designed, built and installed should the Company decide to acquire this equipment. Installation of the equipment is not expected to have a material disruption on current activities.

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 in the last 15 months. Health Canada reports that quarterly sales of dry cannabis products increased 46% to 5.9 tonnes from the quarter ended June 30, 2016 to the quarter ended September 30, 2017. Further, cannabis oil sales have grown 411% to 7.7 tonnes for the same period. Health Canada also reports that registered patients have increased 213% from approximately 75,000 at June 30, 2016 to approximately 235,000 as at September 30, 2017.

The Cannabis industry currently favours the use of super critical CO2 extraction to perform cannabinoids extraction. The “state of the art” extraction units (typically 80-120L) are capable of handling 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 used 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.

Radient 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.

Radient possesses extraction technology at its Edmonton plant that has been designed to handle input of 5,000kgs of material per day. Radient has proven this technology, at this 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. Radient anticipates using its MAP™ technology to extract cannabinoids with higher efficiency and at a high purity level from both marijuana and hemp whilst meeting the strict Quality Assurance standards of the industry as the regulatory environment changes.

Compared to conventional extraction technologies, Radient 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, Radient'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, Radient's MAP™ technology, based on the Company's past extraction activities, typically allows for:

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

Control of these parameters typically allows for a high-quality product and a broader extract profile. Conventional methods existing in the Cannabis industry today do not allow for precise control 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 Radient'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 Radient shareholder following their participation as a lead investor in successive financings in December 2016, March 2017 and December 2017. As of December 31, 2017, Aurora held 37,643,431 common shares and 4,541,889 common share purchase warrants of Radient representing approximately 17.02% of the issued and outstanding common shares, and 15.71% of the issued and outstanding common shares on a fully-diluted basis.

Since the signing of the joint venture research agreement, Radient and Aurora have commissioned feasibility studies to evaluate the applicability of Radient'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 feasibility studies evaluated an assessment of potential processing throughput achievable using Radient'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 a MSA with Aurora which also includes an Investor Rights Agreement (as previously described in the "Core Business and Strategy - Background" section of this MD&A).

It is anticipated that Radient 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 - 2nd Quarter (Calendar), 2018: Enhancements to Edmonton Facility. The Company plans to install enhanced security systems including significant video storage capabilities and a storage vault. Radient may have to modify certain production equipment to handle the biomass. Preliminary estimates for these enhancements to the Edmonton facility are approximately $6.0 - 7.0 million. Certain of the equipment has long lead times for order, design and install of approximately 8 months. Radient currently has sufficient working capital to fund these enhancements. Work is currently underway on these enhancements.

- 2nd - 3rd Quarter (Calendar), 2018: Expected Receipt of ACMPR License to Produce Cannabis Extracts. Radient has filed its license to produce under Health Canada's ACMPR. The license was applied for during February 2017. Health Canada has not given any indication for the timelines for granting this license. The Company has been notified that it is in the Detailed Review and Initiation of Security Clearance stage.

- 2nd - 4th Quarter (Calendar) 2018: Commissioning of Aurora Sky. The Company awaits commissioning of the Aurora Sky facility where harvested cannabis will be allocated for extraction.

With one of the world's largest cannabis cultivators as a cornerstone customer and with its capabilities validated, Radient 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, Radient expects that its global growth opportunities will be significant. Moreover, Radient expects hemp cultivators, importers, and brands extracting cannabinoids from hemp specifically to find difficulty processing with supercritical CO_2 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, Radient expects supercritical CO_2 extraction processes to be challenged in scaling to levels that large hemp producers require. This too presents a global opportunity for Radient.

To accelerate the Company's development of its Cannabis activities, the Company will need additional HQP's, as noted earlier, to perform additional research and development activities. The Company is currently in the process of recruiting and hiring HQP.

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, Radient 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.

Status of Dealers License and ACMPR License

To be able to extract cannabinoids and conduct research related activities, 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 licence is issued or the application is refused.

Radient, 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, Radient applied for 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. Health Canada has indicated the 180-day service date window to end April 2018. As a result, the Company hopes to receive its Dealer's License within that time frame.

<u>ACMPR License process</u>

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 has entered stage 2 of the application process. No indication has been provided by Health Canada as to the duration of this stage. The Company has been notified that it is in the Detailed Review and Initiation of Security Clearance Stage.

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."

Although Health Canada has recently increased staffing levels and streamlined its approval process, the Company anticipates that Health Canada will take several months to complete its review.

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, Radient 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.

Patents, Patent Applications and Registered Trade-Marks

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

Title	Jurisdiction	Status	Number	Expiry Date
Patents and Trade-Marks				
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
Patent Applications				
Method for direct extraction and concentration of naturally-derived active compounds	Canada	Application	2780578	N/A

Radient 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. Part of Radient's ongoing intellectual property strategy is to file microwave-based product-by-process patents. To-date, Radient has been granted patent CA 2727986 and US 9000168 and has other applications pending.

Corporate Structure

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

Radient owns a 50% interest in 1631807 Alberta Ltd., a corporation duly incorporated under the ABCA, which is the owner and landlord of real estate relating to the Edmonton production facility.

On January 9, 2018, the Company entered into a binding letter of intent with 1396730 Alberta Ltd, a company controlled by one of the directors of the Company, to acquire a 100% interest in 1631807 Alberta Ltd. (the "JV"). The JV owns the land and building that contains the 20,000 square foot manufacturing facility in Edmonton, Canada operated by Radient. Pursuant to this transaction, the Company will be issuing 1,246,449 common shares, at a price of $1.40 to 1396730 Alberta Ltd. as consideration for a 100% ownership in the JV. This transaction remains subject to certain customary closing conditions, including (i) the satisfactory completion of due diligence by Radient; (ii) the execution of definitive documentation; and (iii) the approval of the transaction by the TSX Venture Exchange.

RESULTS OF OPERATIONS

Annual Highlights

		Year ended March 31, 2017		Year ended March 31, 2016		Year ended March 31, 2015
Revenues	**$**	**293,447**	$	626,457	$	131,405
Loss, before other income and expenses		**(4,352,904)**		(4,035,600)		(6,894,676)
Loss per share, before other income and expenses (basic and diluted)		**(0.05)**		(0.08)		(0.22)
Net loss and comprehensive loss		**(4,316,274)**		(4,366,665)		(14,137,534)
Net loss per share (basic and diluted)		**(0.05)**		(0.09)		(0.45)
Cash used in operating activities		**(5,062,554)**		(1,510,312)		(5,916,617)
Cash provided by financing activities		**13,542,851**		1,625,394		5,818,031
Cash (used in) provided by investing activities		**(397,566)**		308,492		(105,501)
Total assets		**15,107,628**		5,233,606		5,448,630
Working capital [1]		**6,723,110**		(3,982,244)		(2,201,723)
Total non-current liabilities	**$**	**6,597,174**	$	6,718,530	$	6,322,286
Weighted average number of common shares outstanding		**85,862,057**		49,327,549		31,578,767

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.

Summary of Results by Quarter

Quarter ended	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017*
Revenues	$ 138,899	$ 103,702	$ 95,922	$ 145,962
Loss before other income and expenses	(1,968,511)	(1,753,977)	(1,735,427)	(1,295,760)
Loss per share, before other income and expenses (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)
Net loss	(3,541,287)	(2,102,361)	(5,636,622)	(1,212,043)
Net loss per share (basic and diluted)	$ (0.01)	$ (0.01)	$ (0.04)	$ (0.01)
Weighted average number of common shares outstanding	197,549,414	175,147,455	158,923,114	136,107,594
Total assets	$ 30,835,344	$ 14,651,260	$ 16,634,789	$ 15,107,628
Long term liabilities	2,196,646	7,509,318	7,434,920	6,597,174

Quarter ended	December 31, 2016*	September 30, 2016*	June 30, 2016*	March 31, 2016
Revenues	$ 116,325	$ 31,250	$ -	$ 79,598
Loss before other income and expenses	(1,091,034)	(1,054,471)	(911,638)	(708,648)
Loss per share, before other income and expenses (basic and diluted)	(0.01)	(0.01)	(0.02)	(0.01)
Net loss	(1,114,509)	(1,059,261)	(930,462)	(492,307)
Net loss per share (basic and diluted)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding	85,290,762	65,171,117	57,059,178	52,415,920
Total assets	$ 8,077,320	$ 4,987,193	$ 4,960,703	$ 5,233,606
Long term liabilities	7,057,445	6,921,487	6,836,654	6,718,530

* Restated: Unaudited interim financial results for the quarters ended June 30, 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 statements of operations and comprehensive loss for each quarterly period is shown below:

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

Statement of Operations and Comprehensive Loss

(Unaudited)		Quarter ended December 31 2017		2016 Restated*		Nine months ended December 31 2017		2016 Restated*
Revenues	$	**138,899**	$	116,235	$	**338,523**	$	147,485
Cost of revenues		**62,093**		47,708		**209,625**		78,653
		76,806		68,527		**128,898**		68,832
Expenses								
General and administrative		**753,317**		409,674		**2,229,917**		1,078,052
Production plant		**368,042**		243,559		**981,229**		594,806
Financing fees		**34,443**		198,748		**413,702**		608,757
Laboratory		**236,563**		138,499		**568,460**		345,099
Marketing		**404,455**		52,231		**778,330**		157,831
Depreciation and amortization		**129,623**		116,760		**366,132**		340,787
Quality control and assurance		**118,874**		91		**249,043**		644
		2,045,317		1,159,562		**5,586,813**		3,125,976
Loss before other income (expenses)		**(1,968,511)**		(1,091,035)		**(5,457,915)**		(3,057,144)
Other income (expenses)								
Rental income		**24,996**		20,078		**77,904**		82,606
Interest and other income		**23,741**		-		**43,517**		3,158
Allocation of related company (loss) income		**(66,610)**		-		**(59,170)**		20,849
Share-based payments		**(1,553,510)**		(42,352)		**(5,847,976)**		(149,649)
Foreign exchange loss		**(1,393)**		(1,200)		**(23,284)**		(3,430)
Other expenses		**-**		-		**(13,346)**		(622)
		(1,572,776)		(23,474)		**(5,822,355)**		(47,088)
Net loss and comprehensive loss	**$**	**(3,541,287)**	$	(1,114,509)	**$**	**(11,280,270)**	$	(3,104,232)

*See restatement discussion above under Summary of Quarterly Results.

The following highlights key activities, milestones and initiatives undertaken in the quarter ended December 31, 2017:

- Efforts by the Company to decrease its contractual liabilities continued and as a result, on July 19, 2017, the Company reached an agreement with AVAC Ltd. ("AVAC") to settle its royalty financial liability in exchange for 9,424,330 shares. The conversion was completed on October 2, 2017.
- In November 2017, the Company finalized its MSA with Aurora and Terry Booth, founder and CEO of Aurora was appointed to the Company's Board of Directors.
- In December 2017, Aurora exercised all warrants that they held at that time which included 15,856,321 warrants for total proceeds of $5.8 million.
- In December 2017, 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.
- In December 2017, the Company entered into an MSA with TLS.

Further to the quarterly highlights above, additional key activities, milestones and initiatives achieved through the nine months ended December 31, 3017 include:

- In January 2017, the Company entered into a Joint Venture Research Agreement with Aurora to initiate the evaluation work pursuant to the MOU. The first phase of work was completed in February 2017 and a positive decision to move forward with the second and final phase of work was taken. The second phase was completed during the quarter ended June 30, 2017 with positive results being announced on June 5, 2017. On November 6, 2017 an agreement between the Company and Aurora was reached regarding the use of the Company's technology and services.
- The Company continued to enter into a number of manufacturing agreements with a global leader in the development, manufacturing and marketing of innovative ingredients for the cosmetic and personal care industry. Discussions with this client are continuing towards a broader, long-term supply relationship comprising multiple additional finished ingredients along with certain development opportunities.
- The Company issued a total of 39,362,962 common shares related to warrant exercises for total proceeds of $12,718,099 at a weighted average exercise price of $0.32.
- The Company successfully restructured the repayable government contributions received from the Ministry of Agriculture and Agri-Food Canada ("Agri"). An initial payment of $92,000 was made during the quarter ended June 30, 2017 which is followed by a monthly repayment schedule that commenced July 1, 2017 for an 8-year term.
- In July 2017, the $2,000,000 convertible debenture with Aurora was converted into 14,285,714 common shares of the company.
- The Company launched its RTI Global Health and Wellness Solutions business unit. This business unit is actively pursuing partnerships, co-branding and direct investments in emerging technologies.
- During the second quarter of fiscal 2018, the Company began significant work related to executing its strategy for enhancing and safeguarding its intellectual property with this work continuing through the third quarter. The company is looking to develop a robust and highly targeted portfolio of patents, applications, licenses and trade secrets.
- The Company applied for a Dealer's License through the OCS for its manufacturing facility. The license would be in addition to the ACMPR license previously applied for. As well, activities are being undertaken to ensure that the Company is properly prepared to meet the requirements of the ACMPR license when it is granted.

Variance analysis related to the Statement of Operations and Comprehensive Loss

Beginning March 2016 through to September 2016, the production plant was idled, and all other activity and departments scaled down to minimal staffing levels. Most staff were laid off in February 2016 and then recalled at the start of September 2016. The Company was experiencing a working capital shortage during this period and took these measures to preserve working capital. This resulted in minimal staffing and reduced operating expenses through the period. Preserved activities were limited to keeping the plant secure and supporting corporate functions related to raising capital, new financing arrangements and marketing opportunities. These measures impact the specific variances discussed in more detail below:

Revenues

	Quarter ended December 31		Nine months ended December 31	
	2017	2016	**2017**	2016
Contract manufacturing	**$ 134,522**	$ 116,235	**$ 334,146**	$ 147,485
Feasibility studies	**4,377**	-	**4,377**	-
Total revenues	**$ 138,899**	$ 116,235	**$ 338,523**	$ 147,485

Total revenue increased by $191,038 during the nine months ended December 31, 2017 with activity focused on executing the manufacturing agreements secured for specific personal care ingredients. As previously explained, with the production plant idled from March to September 2016, this increase in revenue is as expected.

Cost of revenues

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

	Quarter ended December 31		Nine months ended December 31	
	2017	2016	**2017**	2016
Contract manufacturing				
Supplies and materials	**$ 21,076**	$ 21,961	**$ 89,043**	$ 45,038
Salaries and benefits	**34,307**	18,028	**90,053**	25,896
Waste removal	**625**	441	**15,793**	441
Transportation fees	**2,774**	3,070	**7,546**	3,070
Product development	**2,726**	-	**3,549**	-
Equipment and rentals	**585**	4,208	**1,910**	4,208
Maintenance	**-**	-	**1,731**	-
Total cost of revenues	**$ 62,093**	$ 47,708	**$ 209,625**	$ 78,653

Total cost of revenue increased by $130,972 during the nine months ended December 31, 2017 which directly relates to the increase 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 December 31		Nine months ended December 31	
	2017	2016	**2017**	2016
Salaries and benefits	**$ 197,170**	$ 133,546	**$ 501,585**	$ 344,817
Consulting fees	**208,830**	97,759	**658,278**	235,250
Travel	**115,300**	25,650	**212,932**	34,923
Professional fees	**66,878**	18,175	**192,284**	115,982
Investor relations	**35,040**	-	**160,500**	-
Rent and utilities	**45,519**	39,864	**116,331**	111,327
Public company compliance	**(25,317)**	56,726	**113,801**	115,922
Doubtful debts provision	**13,580**	-	**65,687**	-
Directors' fees	**18,625**	15,875	**63,375**	36,625
Office	**30,704**	4,125	**64,983**	20,920
Insurance	**19,157**	17,462	**43,657**	50,166
Maintenance	**27,831**	492	**36,504**	12,120
Total general and administrative	**$ 753,317**	$ 409,674	**$ 2,229,917**	$ 1,078,052

General and administrative expenses for the quarter increased by $343,643 and by $1,151,865 for the nine months ended December 31, 2017 with variances in several cost categories.

Salaries and benefits increased by $63,624 for the quarter and by $156,768 for the nine months ended December 31, 2017. During the prior year while the plant was idled, and the Company was experiencing a working capital shortage, the President and CEO as well as the Chief Technology Officer were the only administrative staff initially retained with the Controller added in the quarter ended September 30, 2016. During fiscal 2018, the Company commenced the year with the aforementioned staff and added two additional staff late in the quarter ended June 30, 2017.

Consulting fees have increased by $111,071 and $423,028 for the quarter and nine months ended December 31, 2017 respectively. Increases include contract adjustments for the CFO, resumption of a contract for the COO, engagement of IT consulting services related to a comprehensive review of the Company's infrastructure and subsequent deployment of new hardware as well as resumption of regular ongoing IT consulting services, fees associated with recruiting of the Company's Controller and additional services engaged related to preparation and support of the Company's year-end, annual audit and related filings as well as the quarterly statements and filings and various additional compliance matters. Specific additional new services engaged during the quarter ended December 31, 2017 include enterprise resource planning and system implementation as well as analysis and financial support consulting services.

Travel costs are $89,650 greater for the quarter and $178,009 for the nine months ended December 31, 2017 than the prior year with activity related to new business initiatives and alternative financing arrangements that the Company has been exploring during the fiscal year to date. Additionally, during the three months ended December 31, 2017, the company conducted its second quarter Board of Directors meeting face to face. Typically, the Board of Directors meetings are held by way of conference calls.

Professional fees increased by $48,703 and $76,302 for the quarter and nine months ended December 31, 2017 respectively. These increases relate to supportive legal, capital market and corporate finance services as the Company pursues new business initiatives and alternative financing arrangements.

With the growth in the shareholder base throughout the year ended March 31, 2017, along with the Company's intent to secure adequate levels of future capital, the Company has undertaken various initiatives around enhancing communications and information available to adequately support investor needs. These new investor relations initiatives total $35,040 for the quarter and $160,500 for the nine months ended December 31, 2017.

Public company compliance expenses decreased by $82,043 for the quarter and by $2,121 for the nine months ended December 31, 2017. These costs relate to the support of various corporate compliance matters that were undertaken during the current fiscal period. The decrease in the quarter ended December 31, 2017 results from a reclassification of prepaid expenses incurred during the nine months ended December 31, 2017 related to future initiatives that the Company is currently undertaking.

General and administrative costs also include a doubtful debts provision for the quarter and nine months ended December 31, 2017 of $13,580 (2016 - $nil) and $65,687 (2016 - $nil) respectively. The Company assessed that a receivable from its subtenant was impaired resulting in a recognized allowance for impairment.

Directors' meetings were kept to a minimum in the early months of fiscal 2017 with a regular schedule only resuming in the quarter ended September 30, 2016. As a result, directors' fees are $26,750 greater for the nine-month period ending December 31, 2017 as compared to the prior year.

Office expenses increased by $26,579 and $44,063 for the quarter and nine months ended December 31, 2017 respectively. These increases relate to the increase in activity, increase in staff, the replacement of small computer hardware items and the rental of meeting rooms for the Board of Directors meetings held in November 2017.

Maintenance expenses increased by $27,339 and $24,384 for the quarter and nine months ended December 31, 2017. The increase relates to building repairs due to water damage, repairs to the hot water tank and an ongoing preventative maintenance program that began in October of 2017.

Production plant

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

	Quarter ended December 31		Nine months ended December 31	
	2017	2016	**2017**	2016
Salaries and benefits	**$ 194,404**	$ 107,684	**$ 484,414**	$ 209,150
Rent and utilities	**118,985**	113,212	**336,526**	329,491
Maintenance	**37,456**	21,196	**135,687**	33,604
Office	**6,404**	4,465	**9,458**	8,595
Supplies	**7,265**	(7,959)	**9,865**	3,008
Travel	**3,528**	3,861	**3,528**	3,861
Equipment and rentals	**-**	(4,306)	**890**	1,691
Waste removal	**-**	5,406	**543**	5,406
Product development	**-**	-	**318**	-
Total production plant	**$ 368,042**	$ 243,559	**$ 981,229**	$ 594,806

Total production plant salaries and benefits expense for the quarter increased by $86,720 and $275,264 for the nine months ended December 31, 2017 as compared to the prior year. The production plant was idled from the beginning of March 2016 to early September 2016. During this idled period, minimum levels of staffing were maintained to keep the plant secure. Most staff were laid off in February 2016 and then recalled at the start of September 2016. The Company maintained one full-time plant employee from April to August 2016 and re-hired five plant employees in September 2016. From April to September 30, 2017, there were seven full-time staff with four additional staff hired in the 3 months ending December 31, 2017. The hires along the with costs related to the Company's reinstituted benefit plan, all contribute to the variance.

Total maintenance expense for the quarter increased by $16,260 and $102,083 for the nine months ended December 31, 2017 as compared to the prior year. The current quarter maintenance expense consists of repairs for a water leak and associated clean-up, equipment repairs and repairs to the fire alarm system. These expenses were in addition to the first quarter where the plant's two chiller pumps had failed and were replaced, installed and inspected. As well as the second quarter, for repairs to venting, piping and hose replacements on plant equipment and facility repairs to sidewalk, asphalt, exterior door, catch basin, hood intake, snow removal and fire alarm testing and maintenance. All other expenses incurred were a result of routine maintenance and the restart of plant activity.

Total supplies expense for the quarter increase by $15,224 and $6,857 for the nine months ended December 31, 2017. The increase is due to a reclassification of supplies in the prior quarter and the increase in plant activity in the current fiscal year.

Financing fees

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

	Quarter ended December 31		Nine months ended December 31	
	2017	2016	**2017**	2016
Accretion of royalty financial liability	**$ -**	$ 142,509	**$ 281,816**	$ 419,159
Accretion of repayable gov't contributions	**-**	24,165	**-**	72,495
Accretion of convertible debenture	**-**	-	**1,703**	-
Adjustment of convertible debenture to fair value	**-**	-	**(43,868)**	-
Interest on convertible debenture	**-**	-	**64,692**	-
Interest on loan due to related company	**16,417**	15,000	**46,465**	45,000
Interest on long-term debt	**15,299**	16,343	**36,300**	51,314
Interest on repayable gov't contributions	**-**	-	**7,998**	-
Interest on lease obligation	**370**	-	**1,355**	-
Interest on promissory notes	**-**	-	**-**	19,820
Amortization of financing costs on convertible debenture	**-**	-	**10,170**	-
Amortization of financing costs on due to related company	**2,357**	-	**7,071**	-
Other	**-**	731	**-**	969
Total financing fees	**$ 34,443**	$ 198,748	**$ 413,702**	$ 608,757

Total financing fees for the quarter ended December 31, 2017 are $164,305 less than the same period in the prior year. For the nine months ended December 31, 2017, this decrease is $195,055.

The quarterly variance is predominantly driven by the conversion of the royalty financial liability to shares. Accretion recorded in the same quarter last year was $142,509 which is no longer an expense to the Company and this variance carries through to the nine months ended December 31, 2017. Similarly, the repayable government contributions were converted to long-term debt on May 18, 2017. As a result, interest recorded was the actual interest incurred by the Company while the debt was in arrears and prior to the conversion as opposed to accretion which was recorded in the prior year. Accretion of repayable government contributions is $24,165 less and $72,495 less than the three and nine months ended December 31, 2017 which is a significant contributor to the finance fees variance.

For the nine-month period ended December 31, 2017, $64,692 of interest and $10,170 amortization of financing costs were recorded related to the Company's convertible debenture. These costs offset the other decreases noted above and were nil in prior periods as the debenture was not issued until February 13, 2017 and later converted to common shares on July 28, 2017.

On issuance, the debenture contained two components consisting of a liability and an equity element. However, as the debenture had a demand provision during the period of February 13, 2017 to July 13, 2017, the liability component was initially recorded at the full amount of the debenture payable on demand and the equity component was valued at $nil. This demand period ended on July 13, 2017 and the liability element was measured as at that date at the fair value of the future payments using an effective interest rate of 12% per annum. This created a residual difference of $43,868 which was recognized as a change in fair value and was recorded as a reduction to financing fees. Subsequently, the liability component was measured at amortized cost using the effective interest method from July 14, 2017 to July 28, 2017 and $1,703 of accretion was recognized during this period.

Additional amounts which contribute to the decrease include:

- Interest on long-term debt in the prior year included arrears interest incurred to that point in time. As the Company had fully remedied all arrears related to the long-term debt during the year ended March 31, 2017, the current year interest is restricted to the scheduled interest on the loan.
- The promissory notes were fully paid during the year end March 31, 2017 and as a result, no interest has been recorded during the current fiscal year.

Laboratory

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

	Quarter ended December 31		Nine months ended December 31	
	2017	2016	**2017**	2016
Salaries and benefits	**$ 162,812**	$ 95,537	**$ 390,031**	$ 216,604
Rent and utilities	**33,435**	34,237	**100,731**	104,219
Maintenance	**15,677**	521	**20,344**	2,149
Supplies	**9,921**	3,070	**18,383**	6,270
Travel	**3,270**	507	**15,615**	507
Equipment and rentals	**2,171**	3,521	**8,538**	13,215
Product development	**3,624**	-	**6,425**	-
Office	**3,453**	21	**5,096**	631
Consulting fees	**2,200**	-	**2,200**	-
Production materials	**-**	197	**723**	616
Waste removal	**-**	888	**374**	888
Total laboratory	**$ 236,563**	$ 138,499	**$ 568,460**	$ 345,099

Total laboratory expenses for the quarter increased by $98,064 and $223,261 for the nine months ended December 31, 2017 as compared to the prior year.

The overall laboratory expense variance is predominantly driven by salaries and benefits which increased by $67,275 for the quarter and $173,427 for the nine months. These increases include salary adjustments for existing staff as well as increases in total staff over the nine-month period and from the prior to the current year. During fiscal 2017, the laboratory started with three staff at April 2016 and moved to 4 staff in the month of August. For fiscal 2018, the department started the year with four staff, added a fifth in June 2017 and added 2 additional staff in the current quarter.

Total maintenance expense for the quarter increased by $15,156 and $18,195 for the nine months ended December 31, 2017 as compared to the prior year. The current quarter maintenance expense consists of repairs for a water leak, cleaning for the exhaust system and equipment repairs. The remaining increases in travel, supplies, product development, office, waste removal and production materials are the result of the Company's resumption of development and commercial activity which only commenced in September 2016.

Marketing

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

	Quarter ended December 31		Nine months ended December 31	
	2017	2016	**2017**	2016
Consulting fees	**$ 342,210**	$ 52,800	**$ 613,271**	$ 158,400
Salaries and benefits	**35,215**	-	**106,530**	-
Travel	**10,354**	-	**39,466**	-
Marketing material	**14,371**	(569)	**14,371**	(569)
Office	**2,305**	-	**4,692**	-
Total marketing	**$ 404,455**	$ 52,231	**$ 778,330**	$ 157,831

Marketing expenses for the quarter ended December 31, 2017 increased by $352,224 and by $620,499 for the nine months ended December 31, 2017. To support the Company's efforts in actively pursuing new business initiatives and opportunities, the consulting team was increased from one to five during the fiscal year with the fifth added during the quarter ended December 31, 2017. As well, a full-time sales employee was hired at the beginning of the fiscal year. Significant travel costs and the development of marketing materials were also incurred pursuing these opportunities and initiatives.

Depreciation and amortization

Depreciation and amortization expense increased by $12,863 and $25,345 for the three and nine months ended December 31, 201. The increase is due to the purchase of laboratory and production equipment during the current fiscal year.

Quality control and assurance

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

	Quarter ended December 31		Nine months ended December 31	
	2017	2016	**2017**	2016
Salaries and benefits	**$ 110,868**	$ -	**$ 230,997**	$ 454
Maintenance	**5,209**	-	**9,942**	-
Travel	**145**	-	**5,048**	-
Office	**1,626**	91	**2,030**	190
Supplies	**1,026**	-	**1,026**	-
Total quality control and assurance	**$ 118,874**	$ 91	**$ 249,043**	$ 644

For most of the year ended March 31, 2017, the quality control and assurance department was vacant with staff being rehired in the quarter ended March 31, 2017. As a result, current expenses reflect the two rehires and one new hire that occurred in the last quarter of the March 31, 2017 fiscal year, a fourth hire in June 2017 and a fifth hire in July 2017. As at December 31, 2017, the department consists of five full-time employees. With the increase in staff and related activities that they are undertaking, a modest amount of travel, maintenance and office expense is also being experienced.

Rental income

Rental income increased by $4,918 for the quarter and decreased by $4,702 for the nine months ended December 31, 2017. Effective August 31, 2017, the Company's subtenant vacated the majority of the leased premises and continues to occupy only a small portion of the previously leased space while searching for alternate arrangements. As a result, rental income has been reduced effective September 2017. The increase for the quarter ended December 31, 2017 however relates to a one-time charge back to the subtenant for cleaning, disposal and moving costs incurred by the Company to move the subtenant from the space it previously occupied.

Interest and other income

On May 18, 2017, the Company entered into a non-repayable Contribution Agreement with the National Research Council Canada as represented by its Industrial Research Assistance Program ("IRAP") for $30,000. The project start date was May 15, 2017 and will include costs incurred on the project to October 30, 2017. During the nine months ended December 31, 2017, $30,000 has been billed to IRAP and is included in interest and other income. In total, interest and other income for the nine months ended December 31, 2017 is $40,359 greater than the same period ended December 31, 2016 with the IRAP recovery being the predominant driver of the variance. The remainder of the variance is related to interest earned on excess cash as the Company holds significantly more cash at December 31, 2017 than it did at December 31, 2016.

Share-based payments

Share based payments for the three and nine months ended December 31, 2017 were $1,553,510 (2016 - $42,352) and $5,847,976 (2016 - $149,649) respectively. These amounts include the impact of 8,517,765, 700,000 and 1,278,000 stock options that were granted by the Company on April 3, August 28, and December 6, 2017 respectively to certain officers, directors, employees and consultants with a weighted average exercise price of $0.68. Of these options, 7,544,544 vested immediately and then quarterly thereafter and as a result a total of $1,542,309 and $5,814,358 in related share-based payments were recognized during the three and nine months ended December 31, 2017 respectively. There were no stock option grants during the three and nine months ended December 31, 2016.

Other expenses

Other expenses for the nine months ended December 31, 2017 of $13,346 is predominantly comprised of $13,313 related to a reassessment of the Company's SR&ED claim for the fiscal year ended March 31, 2014 where it was determined that certain expenses claimed were ineligible.

LIQUIDITY AND CAPITAL RESOURCES

		December 31, 2017		March 31, 2017
Non-current assets	**$**	**5,187,302**	$	4,270,158
Current assets		**25,648,042**		10,837,470
Current liabilities		**(1,730,633)**		(4,114,360)
Total assets less current liabilities	**$**	**29,104,711**	$	10,993,268
Non-current liabilities		**2,196,646**		6,597,174
Shareholders' equity		**26,908,065**		4,396,094
	$	**29,104,711**	$	10,993,268

Non-Current Assets

Non-current assets increased by $917,144 primarily due to the purchase of plant and equipment of $981,026 offset by depreciation and amortization of $366,132 recorded during the period on plant and equipment and patents and an increase in long-term prepaids and deposits of $464,521 primarily related to various patent update initiatives which upon successful completion will be added to the Company's intangible non-current assets. This increase was offset by a decrease in advances to a related company of $103,102 and a decrease in the investment in related company of $59,170 due to the allocation of related company loss.

Advances to/from related company include amounts owed for rent, property taxes and other required operating costs to the Company's joint venture 1631807 Alberta Ltd related to the leased plant offset by payments made for these expenses. There will be timing differences between when expenses are recognized and when payments are made resulting in an overall balance that fluctuates. Any balances due from or to the related party are non-interest bearing, unsecured and do not have conversion features.

Current Assets

Current assets increased by $14,810,572 at December 31, 2017 as compared to March 31, 2017, which is attributable to:

Cash and restricted cash

Cash and restricted cash increased by $13,891,212 primarily due to proceeds from the exercise of warrants and options of $14,301,647 and proceeds from the private placement with Aurora of $6,222,388. Offsetting these increases were cash requirements for operating activities of $5,177,937, repayments of debt and interest of $376,271, the investment in long-term patent initiatives previously referred to of $464,521 and cash purchases of production and laboratory equipment purchases for $688,317.

Prepaids and deposits

Prepaids and deposits increased by $851,664 primarily due to deposits of $147,033 on production equipment not yet received, $76,135 of costs incurred during the nine months ended December 31, 2017 related to various license applications which upon successful completion will be added to the Company's intangible non-current assets and $654,819 for costs incurred related to future initiatives the Company is currently undertaking.

Accounts Receivable

Furthering the increase in current assets is $67,696 which is attributable to the timing of invoicing for the three months ended December 31, 2017 where current quarter invoicing occurred in December 2017 and was therefore not yet collected by December 31, 2017 as well as an overall increase in the number of clients invoiced for work completed during the period. At March 31, 2017, there was one customer billed during the quarter whereas at December 31, 2017, there were 3 customers with ongoing manufacturing contracts.

Current Liabilities

Current liabilities of $1,730,633 decreased by $2,383,727 as compared to the prior year. This is attributable to:

Convertible debenture

$1,941,631 of the decrease arises as current liabilities previously included a convertible debenture. All or a portion of the principal amount of the debenture was 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 was 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 was 14,285,714 with an additional 14,285,714 that would be issued if the warrants are exercised. Interest was payable quarterly in arrears, at a rate of 10% and was payable in common shares of the Company at the prevailing market rate at the time of payment. Should the holder's shareholdings in the Company exceed 19.9% because of the interest payment, then a cash payment of interest would be made.

The aggregate principal amount of the debenture was 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 equaled or exceeded $0.40 per share for 10 consecutive trading days, or
b) The Company and the holder entered into an exclusivity, licensing, service or similar agreement.

On July 28, 2017, the convertible debenture of $2,000,000 outstanding at June 30, 2017 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 nine months ended December 31, 2017, 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.

Repayable government contributions

On May 18, 2017, the Company reached an agreement with Agri-Food Canada to restructure the debt which was $878,300 at March 31, 2017. 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 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. Interest is compounded monthly at the Bank of Canada policy interest rate plus 3%.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities increased by $293,891. This increase is predominantly due to an increase in activity in the quarter as the Company undertakes various initiatives which are designed to position it for growth expected from it's recently finalized MSAs.

Current portion of long-term debt

The current portion of long-term debt has increased by $53,941 due to the repayable government contributions being restructured as long-term debt during the first quarter of the 2018 fiscal year.

Current portion of finance lease obligations

The Company entered into three new lease agreements in the current quarter related to the purchase of production and laboratory equipment. The new leases have a duration of three years with underlying interest rates ranging from 4.7% - 5.0%. The resulting increase to the current portion of lease obligations is $83,964.

Non-Current Liabilities

Non-current liabilities decreased by $4,400,528, which is attributable to:

Royalty financial liability

The conversion of the royalty financial liability to common shares resulted in a decrease of $5,185,847 in the Company's non-current liabilities as compared to March 31, 2017. On July 19, 2017, the Company reached an agreement with AVAC to settle the total amount owing of $5,453,457 at September 30, 2017 in exchange for 9,424,330 common shares. The conversion was completed on October 2, 2017. The settlement results in the termination of AVAC's entitlement to any future royalty payments by the Company to AVAC.

Long-term debt

Long-term debt increased by $630,379 to $1,130,713 as compared to March 31, 2017. The increase was due to the extinguishment and conversion of the repayable government contributions of $883,493, offset by an initial repayment of $92,000 on that debt and $107,173 related to regular monthly repayments on all long-term debts. As well, the incremental portion classified to current of $53,941 is a further offset to the increase resulting from the conversion.

Finance lease obligations

As noted in the current portion of finance lease obligations above, three new lease agreements were entered into during the three months ended December 31, 2017. Accordingly, the long-term portion of these obligations increased by $200,074 to $205,464 as compared to March 31, 2017.

Due to related company

Further impacting non-current liabilities is a decrease in the due to related company amount owing of $30,605.

The amount outstanding represents advances from the Company's joint venture 1631807 Alberta Ltd. that were used for the construction of leasehold improvements required by the Company. The Company agreed to repay 1631807 Alberta Ltd. the advanced amount under the same terms and conditions as funds advanced to 1631807 Alberta Ltd. from BDC. As such, the BDC loan bears interest at 6% per annum and is repayable in fixed monthly amounts of $10,000 principal plus interest of which the Company pays their pro-rata share of $4,171 plus interest per month. In addition, the Company paid 1396730 Alberta Ltd., the joint venture owner of 1631807 Alberta Ltd. and a company controlled by Harry Kaura, a director of the Company, a guarantee fee of $250,000 for providing security to BDC and has provided the shares of 1631807 Alberta Ltd as security to 1396730 Alberta Ltd.

On February 9, 2016, 1396730 Alberta Ltd., 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. agreed that the joint venture and existing loan would continue pending the removal of the existing guarantee by way of refinancing of the loan.

On January 9, 2018, the Company entered into a binding letter of intent with 1396730 Alberta Ltd. to acquire a 100% in 1631807 Alberta Ltd. in exchange for 1,246,449 common shares.

Shareholders' Equity

Shareholders' equity at December 31, 2017 increased by $22,511,971 as compared to the balance at March 31, 2017 primarily due to the exercise of existing warrants and options, an additional private placement and conversion of certain debt instruments. Increases due to exercises included an increase from the exercise of 39,362,962 warrants for total proceeds of $12,718,099, an increase from the exercise of 1,754,815 stock options for total proceeds of $1,163,548, and an increase from the exercise of 933,333 finders' options for total proceeds of $420,000. An increase from the private placement with Aurora resulted in the issuance of 4,541,889 common shares for total proceeds of $6,222,388.

The conversion of certain debt instruments resulted in an increase in shareholders' equity on the issuance of 14,285,714 common shares on conversion of the debenture valued at $1,909,636, an increase from the issuance of 181,707 common shares on conversion of interest payable of $91,096 on the debenture, an increase on the issuance of 9,424,330 common shares on conversion of the royalty financial liability valued at $5,453,457 and an increase on the issuance of 46,800 common shares for payment of business development and consulting services valued at $26,208. Shareholders' equity also increased due to the recognition of share-based payments of $5,847,976 which was offset by share issuance costs of $60,167 and the recognition of a net loss of $11,280,270 for the nine months ended December 31, 2017.

CONTINGENCIES AND COMMITMENTS

Facility Leases

1. Head Office

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 $6,800 commencing on October 1, 2014 through September 30, 2019.

2. Production Facility

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 property at 4035 - 101 Street, Edmonton, AB. 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. On January 9, 2018, the Company entered into a binding letter of intent with 1396730 Alberta Ltd to acquire a 100% interest in 1631807 Alberta Ltd. in exchange for 1,246,449 common shares.

3. Operating Leases

The Company has an operating lease commitment for the twelve months ended December 31, 2018 of $523 with the last payment due January 2018.

Claim for Amounts Owing

During the year ended March 31, 2016 a utility provider to the Company commenced a civil claim against the Company for unpaid amounts of $205,304, including an early termination fee of $127,797, for the early termination of a supply contract. During the year ended March 31, 2017, the Company and the utility provider reached an agreed upon schedule of payments for amounts owing that eliminated the early termination fee. As at March 31, 2017, all amounts were fully paid, and the utility provider has withdrawn its civil claim.

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. Details of the related party transactions follow:

Key Management Personnel and Director Remuneration

The remuneration of directors and key management personnel follows:

	Quarter ended December 31		Nine months ended December 31	
	2017	2016	**2017**	2016
Compensation	**$ 263,355**	$ 144,625	**$ 697,225**	$ 448,375
Short-term benefits	**6,121**	414	**18,363**	414
Share-based compensation	**943,475**	31,399	**3,913,500**	80,369
	$ 1,212,951	$ 176,438	**$ 4,629,088**	$ 529,158
Number of stock options issued	**768,000**	-	**6,589,102**	-
Weighted average exercise price	**$ 1.82**	$ -	**$ 0.80**	$ -

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

As at December 31, 2017, $126,833 (March 31, 2017 - $368,331) 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

Pursuant to the private placement that closed on October 14, 2016, the CEO and one director, Armand Lavoie, participated in the placement for total proceeds of $85,000 and $17,250 respectively.

Pursuant to the private placement that closed on December 22, 2016, two directors and three key management personnel participated directly or indirectly in the placement for total proceeds of $364,500. The directors included Armand Lavoie ($46,500) and Francesco Ferlaino ($105,000) and the officers included the CEO ($157,000), the CFO ($45,500) and the CTO ($10,500).

During the year ended March 31, 2017, 2,228,569 common shares were issued to certain directors and key management personnel of the Company as settlement for compensation related payables of $234,000. These officers and directors included the CEO ($50,000), COO ($50,000) and CFO ($50,000), two current directors Steve Dauphin ($36,000) and Harry Kaura ($24,000) as well as one former director, Wolfgang Muhs ($24,000).

During the nine months ended December 31, 2017, the CEO and one director, Dimitris Tzanis, exercised 331,895 warrants for total proceeds of $75,000 and $7,974 respectively.

Debt Transactions

On August 4, 2015, the Company received a bridge loan from the CEO for $50,000. The loan was repaid during the three months ended December 31, 2016.

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 9 - Financial Instruments replaces the current standard *IAS 39 - Financial Instruments: Recognition and Measurement*. The new standard includes guidance on the recognition and derecognition of financial assets and financial liabilities, impairment and hedge accounting. The Company has not yet evaluated the impact of IFRS 9 on the financial statements. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15 - Revenue from Contracts with Customers, replaces *IAS 11 – Construction Contracts, IAS 18 – Revenue and IFRIC 13 – Customer Loyalty Programmes.* This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. The Company has not yet evaluated the impact of IFRS 15 on the financial statements. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

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. The Company has not yet evaluated the impact of IFRS 16 on the financial statements. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

Amendments to IAS 7 Disclosure Initiative – The amendments require the Company to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. The Company has not yet evaluated the impact of the amendments to IAS 7 on the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2017 and apply prospectively.

FINANCIAL INSTRUMENTS AND RELATED RISK

The fair value of cash, restricted cash, accounts receivable, deposits, advances to/from related company, and accounts payable and accrued liabilities approximate their carrying amount due to their short-term nature. The fair value of long-term debt, due to related company and the convertible debenture are estimated to approximate their carrying value because the interest rates do not differ significantly from current interest rates for similar types of borrowing arrangements (level 2).

Repayable government contributions included in the March 31, 2017 balances are recorded at the amount drawn under the agreement using a discounted market rate which represents the estimated fair value of the obligation. The fair value of the repayable government contributions is not materially different from their carrying amounts as funding received has been discounted using an estimate of a market rate of interest and is being accreted back to its nominal amount (level 2). On May 18, 2017, the repayable government contributions were restructured with the amount payable being converted to long-term debt with fair value estimated to approximate carrying value as the interest rate does not differ significantly from current interest rates for similar types of borrowing arrangements.

The royalty financial liability was estimated using a discount rate that results from the estimated future repayment of that obligation which is based on expected sales. As the estimated discount rate also approximates the company's estimated cost of capital for similar borrowing arrangements, management believes the carrying amount of this obligation did not differ significantly from its fair value (level 3). On October 2, 2017 the royalty financial liability was converted to common shares. The settlement results in the termination of AVAC's entitlement to any future royalty payments by the Company to AVAC.

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, restricted 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 nine months ended December 31, 2017, the Company assessed that a receivable from its subtenant was impaired and an allowance of $65,686 (2016 - $nil) for the impairment was made. This was in addition to the allowance at March 31, 2017 of $263,424 that had been made for impaired receivables from a customer and the Company's subtenant. Effective August 31, 2017, the subtenant had vacated the majority of the leased premises and continues to occupy a small amount of space while searching for alternate arrangements. The Company continues to pursue collection of the balance owed.

At December 31, 2017, $369,288 (March 31, 2017 - $265,652) of the trade accounts receivable balance of $473,052 (March 31, 2017 - $355,685) was past due. $345,566 of the past due amount less Goods and Services Tax (GST) of $16,456 is impaired and has been allowed for. The GST portion of $16,456 (March 31, 2017 - $12,650), billed but not yet collected, can be recovered. Other receivables at December 31, 2017 consist primarily of GST $58,555 (March 31, 2017 - $35,652), revenue earned but not yet billed of $25,000 (March 31, 2017 - $37,153) and $5,265 related to government assistance receivable on a qualifying project.

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.

Should the Company encounter significant difficulty in meeting its financial obligations, it may be unable to continue as a going concern. See the “Risk Factor – Going Concern” section 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	$ 1,387,875	$ -	$ -	$ -	$ 1,387,875
Long-term debt	220,950	474,899	345,224	470,447	1,511,520
Lease obligation	106,917	208,996	6,985	-	322,898
Due to related company	109,239	209,469	197,456	1,106,422	1,622,586
Balance December 31, 2017	**$ 1,824,981**	**$ 893,364**	**$ 549,665**	**$ 1,576,869**	**$ 4,844,879**
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.

As the Company’s working capital position continues to improve, reducing the Company’s contractual liabilities and obligations is a priority. Details of activities undertaken to date (and their impact) are included in the “Liquidity and Capital Resources” section. Further, on January 9, 2018, the Company entered into a binding letter of intent with 1396730 Alberta Ltd, a company controlled by one of the directors of the Company, to acquire a 100% interest in 1631807 Alberta Ltd. (the "JV") in exchange for 1,246,449 common shares. This transaction remains subject to certain customary closing conditions, including (i) the satisfactory completion of due diligence by the Company; (ii) the execution of definitive documentation; and (iii) the approval of the transaction by the TSX Venture Exchange.

Foreign Exchange Risk

The Company earns certain revenues and incurs certain operating expenses and capital expenditures in U.S. dollars and EUROS. Accordingly, the fluctuations in the exchange rate between the U.S. and Canadian dollar and the EURO and the Canadian dollar can impact the Company’s reported results. Total foreign exchange loss was $1,393 (2016 - $1,200) for the three months and $23,284 (2016 - $3,430) for the nine months ended December 31, 2017.

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.

For the period ended December 31, 2017, the increase or decrease in annual net income for each one percent change in interest rate on the variable rated long-term debt would amount to $7,570 (2016 - $nil).

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.

Going Concern

Certain conditions may cast doubt upon the validity of the Company to continue as a going concern:

- The Company has a limited commercial operating history, and no recent significant revenues to provide ongoing operating capital;
- The Company may encounter unforeseen difficulties or delays in its operations, delays in the issuance of its ACMPR license, and the development of its market, which will dictate the timing and quantum of such financings;
- Until sufficient cash flows from operations are generated on a consistent basis, the Company will be reliant on debt and equity financing to sustain operations;
- 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.

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 was $3,541,287 (2016 - $1,114,509) for the three months and $11,280,270 (2016 - $3,104,232) for the nine months ended December 31, 2017 and as at December 31, 2017 the Company had a deficit of $59,242,056 (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. On July 19, 2017, the Company reached an agreement to exchange its royalty financial liability for 9,424,330 common shares of the Company. This conversion was completed on October 2, 2017.

During the year ended March 31, 2017, the Company completed four private placements that raised gross proceeds of $14,155,708 as well as the placement of a convertible debenture for gross proceeds of $2,000,000. During the nine months ended December 31, 2017, the Company completed a private placement that raised $6,222,388 and also issued a total of 42,051,110 common shares related to the exercise of warrants, finders' options and stock options for total gross proceeds of $14,301,646 (see Note 12). These additional funds have resulted in a working capital surplus at December 31, 2017 of $23,917,409 (March 31, 2017 - $6,657,811) 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.

Ability to Implement Business Plan

Radient's business and financial plan focuses on a relatively new technology and are therefore largely untested at commercial scale in its anticipated markets. There can be no assurance that Radient 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. Radient'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 Radient will be successful in developing, manufacturing, marketing or enhancing its technology and products. Radient'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 Radient's technology or products non-competitive or obsolete.

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

Limited Operating History

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

Cannabis Industry

In November 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.

The ability of Radient to build its business in extracting and processing cannabinoids derived from cannabis is dependent on obtaining all licenses, including the licenses to produce cannabis oil products, and adherence to all regulatory requirements related to such activities. Radient has applied for a Controlled Drugs and Substances Dealer's License, specifically to allow for research and development activities related to cannabis. Radient has also applied for its ACMPR license for the purposes of extracting cannabinoids from cannabis. The Company will have additional capital expenditures to be completed to adhere to the licensing requirements of approximately $6-7 million for production equipment, construction and renovations. These will include installation of a vault, security cameras and other mandatory requirements to maintain the license. These will be in addition to the existing facilities in the manufacturing plant that is in compliance with a GMP license. Additional laboratory and analytical equipment, instruments and production equipment valued at approximately $1.0 to $1.5 million will be required by the end of fiscal 2019.

On February 2, 2018 Health Canada notified the Company that its Licensed Dealer application for its Edmonton research and development facility, pursuant to the provisions of the Controlled Drugs and Substances Act had been approved. The license allows the Company to conduct research and develop products related to cannabis at its Edmonton research and development facility. Although the Company believes that it will meet the requirements of the ACMPR and the Controlled Drugs and Substances regulations for its license applications for its Edmonton production facility, 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. 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.

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. Radient 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.

Radient'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 February 24, 2016, the Federal Court released its decision in the case of Allard et al v. Canada, declaring that the Medical Marijuana Purposes Regulations ("MMPR"), as it was drafted, was unconstitutional in violation of the plaintiffs' rights under section 7 of the Charter of Rights and Freedoms.

On August 24, 2016, the ACMPR came into force, replacing the MMPR as the regulations governing Canada's medical cannabis regime that permits patients to produce a limited amount of cannabis for their own medical purposes or to designate a person to produce a limited amount of cannabis. The ACMPR could potentially decrease the size of the market for the Company's business, and potentially materially and adversely affect the Company's business, its results of operations and financial condition.

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.

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 achieving 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 conditions and operations.

Cost Control

Success will largely be predicated upon Radient'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 Radient 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

Radient has successfully completed scale-up of its technology to commercial scale. The success of Radient'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 Radient MAP™ technology is potentially disruptive in the marketplace, the industrial technology industry is intensely competitive in all its phases, and Radient 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 Radient's MAP™ technology. In recent history, Radient 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 Radient.

There can be no assurance that potential competitors of Radient, which may have greater financial, R&D, sales and marketing and personnel resources than Radient, 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 Radient or which would otherwise render its products or strategies obsolete.

Radient operates within competitive markets and the Company believes that it has adopted a competitive business strategy. However, Radient'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).

Customer Concentration

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

Dependence on Key Personnel

The success of Radient depends upon attracting and retaining the services of its management team as well as Radient'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 in the Alberta marketplace. The loss of any member of Radient's management team or other key person could have a material adverse effect on its business. As Radient'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 Radient. A volatile capital market may impede the ability to undertake future financings, strategic alliances and acquisitions.

Need for Additional Financing

Radient has not generated significant revenues in its recent history. As a growing business, Radient'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 Radient or on any terms. Failure to raise the necessary funds in a timely fashion may also limit Radient'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 Radient, 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 Radient products and product candidates.

Risks Related to Intellectual Property

Radient'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 Radient'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: 223,785,511

Stock options issued and outstanding: 10,181,974 with a weighted average exercise price of $0.82. 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 issued and outstanding: 70,000 with an exercise price of $0.45. Each finders' option entitles its holder to purchase one unit of the Company until March 9, 2019. If exercised, these units would include 70,000 common shares and 35,000 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.

Warrants issued and outstanding: 33,568,442 with a weighted average exercise price of $0.54. Each warrant entitles its holder to purchase one common share of the Company with varying expiry dates up to June 22, 2020.

During the nine months ended December 31, 2017, 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 $51,000 USD and $3,156 CAD have been issued as of the date of this MD&A for services rendered during the nine months ended December 31, 2017.

The fully diluted capital of the Company, including common shares, options, warrants and pending conversion of liabilities is 267,640,927 common shares as at the date of this MD&A.

FORWARD LOOKING STATEMENTS

The MD&A offers our assessment of Radient's future plans and operations as of February 27, 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 Radient will derive from them. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless required by law.

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

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