MANAGEMENT'S DISCUSSION & ANALYSIS

This management discussion and analysis ("MD&A") of the financial condition and results of operations of Aphria Inc., (the "Company" or "Aphria"), is for the three and six months ended November 30, 2015. It is supplemental to, and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and the accompanying notes for the three and six months ended November 30, 2015, as well as the financial statements and MD&A for the year ended May 31, 2015. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts presented herein are stated in Canadian dollars, unless otherwise indicated.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" ("NI 51-102") of the Canadian Securities Administrators. Additional information regarding Aphria Inc. is available on our website at www.aphria.com or through the SEDAR website at www.sedar.com.

In this MD&A, reference is made to adjusted gross profit, adjusted gross margin, EBITDA and adjusted EBITDA, which are not measures of financial performance under IFRS. The Company calculates each as follows:

- *Adjusted gross profit is equal to gross profit less the non-cash increase (plus the non-cash decrease) in biological assets, if any. Management believes this measure provides useful information as it removes fair value metrics tied to increasing stock levels (decreasing stock levels) required by IFRS*
- *The Company calculates adjusted gross margin as adjusted gross profit divided by sales. Management believes this measure provides useful information as it represents the gross profit based on the Company's cost to produce inventory sold and removes fair value metrics tied to increasing stock levels (decreasing stock levels) required by IFRS.*
- *The Company calculates EBITDA as earnings (loss) before tax plus interest expense, less interest income, plus amortization. Management believes this measure provides useful information as it is a commonly used measure in the capital markets.*
- *The Company calculates adjusted EBITDA as EBITDA plus any non-cash charges, including but not limited to share-based compensation and amortization of non-capital assets and certain one-time non-operating items, as determined by management. Management believes this measure provides useful information as it is a close proxy for repeatable cash generated by operations.*

The Company included information concerning these measures because they are used by management as a measure of performance and management believes they are used by certain investors and analysts as a measure of the Company's performance. This measure is not necessarily comparable to similarly titled measures used by other companies.

All amounts in this MD&A are expressed in Canadian dollars, except for per share amount and where otherwise indicated.

This MD&A is prepared as of January 15, 2016.

COMPANY OVERVIEW

Aphria Inc. was incorporated under the Business Corporations Act (Alberta) on June 22, 2011 as Black Sparrow Capital Corp. ("Black Sparrow") and was continued in Ontario on December 1, 2014. On December 2, 2014, Black Sparrow, a Capital Pool Company, completed its qualifying transaction with Pure Natures Wellness Inc. d/b/a Aphria ("PNW"). For further information on this transaction, please refer to the management information circular dated October 28, 2014. The Company's common shares are listed under the symbol "APH" on the TSX Venture Exchange ("TSX-V").

PNW, a wholly-owned subsidiary of the Company, is licenced to produce and sell medical marijuana under the provisions of the *Marihuana for Medical Purposes Regulations* ("MMPR"). PNW received its licence to produce and sell medical marijuana on November 26, 2014. PNW's operations are based in Leamington, Ontario. The Leamington greenhouse facility provides Aphria with the opportunity to be a scalable low cost producer of medical marijuana.

The Company is focused on producing and selling medical marijuana through a two-pronged growth strategy, including both retail sales and wholesale channels. Retail sales are primarily sold through Aphria's online store as well as telephone orders. Wholesale shipments are sold to other MMPR Licenced Producers.

(In 000's, except for per share amounts)

INVESTOR HIGHLIGHTS

	Q2-2016	Q1-2016
Patient registrations	3,430	2,221
Revenue	$ 2,026,975	$ 950,740
Kilograms sold	256.3	119.6
Cash cost to sold / gram	$ 1.87	$ 2.13
"All-in" cost of goods sold / gram	$ 2.49	$ 3.25
Adjusted gross margin	68.6%	58.2%
Cash and cash equivalents on hand (1)	$ 3,285,867	$ 5,139,091
Working capital (1)	$ 6,448,082	$ 7,806,245
Capital investment	$ 1,460,221	$ 1,356,231

(1) – Subsequent to quarter-end, the Company's cash and cash equivalents on hand and working capital increased by $10.5 million, as a result of the closing of its bought deal financing.

- Retail & wholesale platforms
- Sales break-even of $8 – 9 million
- No crop failures since inception
- Strong capital base with dilutive attributes priced at $1.10 or higher
- Strong executive team
  - 20+ years of Pharma experience
  - 35+ years of greenhouse growing experience

QUARTERLY HIGHLIGHTS

Aphria crosses cash break-even threshold

The Company calculates its cash break-even threshold to be between $8 and $9 million in annualized sales, based on current and near-term usual operating expenses. The steady growth of sales, from month-to-month, in the quarter, resulted in the Company crossing its annualized break-even threshold in the month of November.

Patient Intake

Over the course of the quarter the Company grew its patient base by 1,209 patients or 54% over last quarter ended August 31, 2015 (2,221), finishing off the quarter with 3,430 patient registrations received. This accelerated level of patient intake is a product of agreements with two national organizations as well as Aphria's long standing sales platforms. Sales platforms continue to provide strong growth for Aphria, with over 3,800 patients registered as of the date of this MD&A.

Completion of Part 1 Expansion

During the quarter, Aphria successfully completed construction of the Company's Part 1 expansion, the expansion is comprised of an additional 20,700 square feet of production space, 900 square foot oil extraction room, as well as a fully functional research and development laboratory. A formal request was made to Health Canada on November 26, 2015 for a pre-licensing inspection; as of the date of this MD&A, Health Canada has yet to approve the expansion.

Bought deal financing

On November 19, 2015, the Company announced its intention to enter into a bought deal financing. Subsequent to the end of the quarter, the Company announced the closing of its bought deal financing. The Company plans to use the proceeds primarily to fund future expansion.

INDUSTRY TRENDS AND RISKS

The Company's overall performance and results of operations are subject to a number of risks and uncertainties. The economic, industry and risk factors discussed in our Annual Report, each in respect of the year ended May 31, 2015 and in our Short Form Prospectus, dated December 4, 2015, remain substantially unchanged in respect of the three and six months ended November 30, 2015, however, the most significant of which are repeated below.

Reliance on the Licence

Aphria's ability to grow, store and sell medical marijuana in Canada is dependent on maintaining its licence with Health Canada. Failure to comply with the requirements of the licence or any failure to maintain its licence would have a material adverse impact on the business, financial condition and operating results of Aphria. Although Aphria believes it will meet the requirements of the MMPR for extension of the licence, there can be no guarantee that Health Canada will extend or renew the licence or, if it is extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the licence or should it renew the licence on different terms, the business, financial condition and results of the operation of Aphria would be materially adversely affected.

Legislative or Regulatory Reform

The commercial medical marijuana industry is a new industry and the Company anticipates that such regulations will be subject to change as the Federal Government monitors Licenced Producers in action. Aphria's operations are subject to a variety of laws, regulations, guidelines and policies relating to the manufacture, import, export, management, packaging/labelling, advertising, sale, transportation, storage and disposal of medical marijuana but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. While to the knowledge of management, Aphria is currently in compliance with all such laws, any changes to such laws, regulations, guidelines and policies due to matters beyond the control of Aphria may cause adverse effects to its operations.

Limited Operating History

Aphria, through its operating subsidiary PNW, which incorporated in 1994, began carrying on business in 2012 and did not generate revenue from the sale of products until late 2014. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

History of Losses

The Company has incurred losses in recent periods. Aphria may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, Aphria expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If Aphria's revenues do not increase to offset these expected increases in costs and operating expenses, Aphria will not be profitable.

RESULTS OF OPERATIONS

Revenue

Revenue for the three months ended November 30, 2015 was $2,026,975 versus $nil in 2014 and $950,740 in the first quarter of 2015. The Company obtained its licence to sell medical marijuana in late November 2014, with the Company completing its first commercial shipment in December 2014. No revenue was earned prior to December 2014.

The increase in revenue during the quarter was largely related to:

- Continued improvement in the rate of patient onboarding;
- Continued improvement in grams sold per order; and,
- A refinement in the strains, resulting in an increase in the average selling price per gram.

These factors were offset by:

- Lower re-order rates within certain patient categories.

Revenue for the six months ended November 30, 2015 was $2,977,715 versus $nil in the same period in the prior year. The reason for the increase in sales in the six-month period is consistent with the reasons for the increase in sales in the three-month period above.

Gross profit and gross margin

The gross profit for the three months ended November 30, 2015 was $1,309,254, compared to $139,349 in the same period in the prior year. During the prior year, the Company did not possess a licence to sell medical marijuana and did not record any sales during this period. The gross profit produced related to the non-cash increase in the fair value of its biological assets being grown less the pre-distribution growing costs.

The gross profit for the six months ended November 30, 2015 was $1,987,809, compared to a gross loss of $48,221 in the same period of the prior year. The gross loss in the prior year was a result of no sales combined with pre-distribution growing costs which exceeded the non-cash increase in the fair value of its biological assets being grown.

Without a licence to sell medical marijuana in the prior year, management believes more appropriate comparisons of gross profit and gross margin are between the three months ended November 30, 2015 and the three months ended August 31, 2015.

(In 000's, except for per share amounts)

The gross profit for the three months ended November 30, 2015 increased $630,699 to $1,309,254, compared to $678,555 in the prior quarter, as shown below:

	Three months ended	
	November 30, 2015	August 31, 2015
Revenue	$ 2,026,975	$ 950,740
Cost of sales		
Cost of goods sold	1,035,599	496,656
Amortization	113,565	108,694
Change in biological assets produced	(431,443)	(333,165)
	717,721	272,185
Gross profit	$ 1,309,254	$ 678,555
Gross margin	64.6%	71.4%

Cost of sales currently consist of three main categories: (i) cost of goods sold; (ii) amortization and, (iii) change in biological assets.

(i) Cost of goods sold include the direct cost of materials and labour related to the medical marijuana sold. This would include growing, cultivation and harvesting costs, stringent quality assurance and quality control, as well as packaging and labelling. All medical marijuana shipped and sold by Aphria has been grown and produced by the Company.

(ii) Amortization includes amortization of production equipment and leasehold improvements utilized in the production of medical marijuana.

(iii) Change in biological assets is part of the Company's cost of sales due to IFRS standards relating to agriculture and biological assets (i.e. living plants or animals). This line item represents the change in fair value in biological assets (medical marijuana) produced.

The decline in gross margin in the quarter compared to last quarter was solely attributable to the impact of the change in fair value of biological assets from the first quarter to the second. In the first quarter, the net effect on cost of sales of this non-cash IFRS adjustment was a decrease of $125,040 compared to an increase of $82,250 in the second quarter.

Management believes that the use of non-cash IFRS adjustments in calculating gross profit and gross margin can be confusing due to the large value of non-cash fair value metrics required. Accordingly, management believes the use of an adjusted gross profit and adjusted gross margin provides a better representation of performance by excluding non-cash fair value metrics required by IFRS.

Adjusted gross profit and adjusted gross margin are non-GAAP financial measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The gross profit has been adjusted from IFRS by removing the non-cash change in biological assets of $431,443 and removing $513,693 from cost of goods sold, which represents the non-cash fair value less costs to sell markup on dried marijuana inventory sold during the quarter.

(In 000's, except for per share amounts)

The following is the Company's adjusted gross profit and adjusted gross margin as compared to IFRS for the quarter:

	Three months ended November 30, 2015 IFRS	Adjustments	Three months ended November 30, 2015 Adjusted
Revenue	$ 2,026,975	$ --	$ 2,026,975
Cost of sales			
Cost of goods sold	1,035,599	(513,693)	521,906
Amortization	113,565	--	113,565
Change in biological assets produced	(431,443)	431,443	--
	717,721	(82,250)	635,471
Gross profit	$ 1,309,254	82,250	$ 1,391,504
Gross margin	64.6%		68.6%

The following is the Company's adjusted gross profit and adjusted gross margin, as compared to IFRS, for the six months ended November 30, 2015:

	Six months ended November 30, 2015 IFRS	Adjustments	Six months ended November 30, 2015 Adjusted
Revenue	$ 2,977,715	$ --	$ 2,977,715
Cost of sales			
Cost of goods sold	1,532,255	(721,818)	810,437
Amortization	222,259	--	222,259
Change in biological assets produced	(764,608)	764,608	--
	989,906	42,790	1,032,696
Gross profit	$ 1,987,809	$ (42,790)	$ 1,945,019
Gross margin	66.8%		65.3%

(In 000's, except for per share amounts)

Selling, general and administrative

Selling, general and administrative expenses are comprised of General and Administrative Costs, Share-based Compensation, Selling, Marketing and Promotion Costs, Amortization and Research and Development Costs. These costs increased by $600,044 to $1,784,205 from $1,184,161 in the same quarter in the prior year and increased $646,627 to $2,987,322 from $2,340,695 in the six-month period of the prior year.

	Three months ended November 30, 2015	2014	Six months ended November 30, 2015	2014
General and administrative	**$ 506,902**	$ 551,934	**$ 930,834**	$ 1,124,777
Share-based compensation	**212,318**	449,141	**259,331**	994,747
Selling, marketing and promotion	**965,602**	173,305	**1,581,250**	208,643
Amortization	**44,631**	9,781	**74,656**	12,528
Research and development	**54,752**	--	**141,251**	--
	$ 1,784,205	$ 1,184,161	**$ 2,987,322**	$ 2,340,695

General and Administrative Costs

	Three months ended November 30, 2015	2014	Six months ended November 30, 2015	2014
Executive compensation	**$ 131,541**	$ 111,577	**$ 254,495**	$ 418,077
Consulting fees	**17,387**	201,820	**27,287**	340,020
Office and general	**103,546**	45,838	**224,057**	74,150
Professional fees	**99,755**	110,726	**135,581**	163,960
Salaries and wages	**85,379**	42,332	**151,469**	42,332
Travel and accommodation	**56,551**	25,141	**115,362**	29,738
Rent	**12,743**	14,500	**22,583**	56,500
	$ 506,902	$ 551,934	**$ 930,834**	$ 1,124,777

The decrease in general and administrative costs during the quarter was largely related to reductions in:

- Consulting fees incurred in the prior year as the Company prepared to earn its Licenced Producer status; and,
- Professional fees associated with the Company's reverse take-over transaction to go public.

These factors were partially offset by:

- An increase salaries and wages; and,
- Office and general both as the Company grew in the current year.

The decrease in general and administrative costs during the six-month period was largely related to the same factors as in the three-month period plus:

- Decrease in executive compensation tied to the buy-out of the Company's original chief executive officer in the prior year.

Share-based Compensation

The Company recognized share-based compensation expense of $212,318 for the three months ended November 30, 2015 compared to $449,141 for the prior year. 290,000 options were granted during the second quarter of 2016 versus 480,000 in the second quarter of 2015. Share-based compensation was valued using the Black-Scholes valuation model and represents a non-cash expense.

For the six months ended November 30, 2015, the Company incurred share-based compensation of $259,331 as opposed to $994,747 in the comparable prior period. 320,000 options were granted during the six-month period of 2016, as opposed to 3,130,000 options in the prior period.

Selling, Marketing and Promotion Costs

For the three months ended November 30, 2015, the Company incurred selling, marketing and promotion costs of $965,602, versus $173,305 in the comparable prior period. These costs are related to commissions on sales, the Company's call centre operations, shipping costs, as well as the development of promotional and information materials. These increased with the commencement of these activities after receipt of the Company's full licence in November 2014.

For the six months ended November 30, 2015, the Company incurred selling, marketing and promotion costs of $1,581,250 as opposed to $208,643 in the comparable prior period. The increase in costs primarily relates to:

- Sales commissions;
- Call center salaries and expenses; and,
- Shipping and payment processing fees.

Amortization

The Company incurred amortization charges of $44,631 for the three months ended November 30, 2015 compared to $9,781 for the same period in the prior year. The increase in amortization charges are a result of the capital expenditures made during the prior and current year.

The Company incurred amortization charges of $74,656 for the six months ended November 30, 2015 compared to $12,528 for the same period in the previous year. The increase for the six-month period is consistent with the increase for the three-month period.

Research and development

Research and development costs of $54,752 were expensed during the three months ended November 30, 2015 compared to $nil in same period last year. These relate to researching aspects of the genetics of various cannabis strains, including phenotyping, and testing the growth patterns of cannabis under different conditions. Management anticipates increasing the consistency of finished product through this testing, which would reduce costs of production while still providing customers a high quality product. The Company is also beginning to explore the extraction of cannabis oils and related derivatives for future commercialization.

For the six months ended November 30, 2015, the Company incurred research and development costs of $141,251 as opposed to $nil in the comparable prior period. The increase in costs primarily relates to:

- Increased phenotyping of genetics; and,
- Lab testing costs.

Non-operating items

During the three months ended November 30, 2015, the Company earned non-operating income of $43,853, consisting of $37,402 of finance income and $6,451 related to a gain on sale of capital assets as opposed to a non-operating loss of $314,037, related entirely to listing costs in the prior year.

(In 000's, except for per share amounts)

During the six months ended November 30, 2015, the Company earned non-operating income of $91,590, consisting of $85,139 of finance income and $6,451 related to a gain on sale of capital assets, as opposed to a non-operating loss of $570,037, related entirely to listing costs in the prior year.

Net Loss

The net loss for the three months ended November 30, 2015 was $431,098, or $0.01 per share as opposed to the same period of the prior year of $1,358,849 or $0.04 per share.

The net loss for the six months ended November 30, 2015 was $907,923 or $0.02 per share compared to $2,958,953 or $0.08 in the prior year.

EBITDA

EBITDA is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The Company calculates EBITDA as net loss plus income taxes plus finance expense less finance income plus amortization, all as follows:

	November 30 2015	
	Three months ended	Six months ended
Net loss	$ (431,098)	$ (907,923)
Finance income	(37,402)	(85,139)
Amortization	158,196	296,915
EBITDA	**$ (310,304)**	**$ (696,147)**

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. The Company calculates Adjusted EBITDA as EBITDA plus share-based compensation plus (minus) non-cash fair value plus amortization of non-capital assets, all as follows:

	November 30 2015	
	Three months ended	Six months ended
EBITDA	$ (310,304)	$ (696,147)
Share-based compensation	212,318	259,331
Non-cash fair value adjustments in cost of sales	82,250	(42,790)
Amortization of non-capital assets	19,844	111,014
Adjusted EBITDA	**$ 4,108**	**$ (368,592)**

LIQUIDITY AND CAPITAL RESOURCES

Cash flow used in operations for the six months improved by $1,381,094 from cash flow used in operations of

(In 000's, except for per share amounts)

$2,358,785 in the six-month period of the prior year to $977,691 in the current six-month period. The improvement in cash flow used in operations is primarily a result of:

- Reduction in net loss for the period.

Cash resources / working capital requirements

The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations. As at November 30, 2015, Aphria maintained $3,285,867 of cash and cash equivalents on hand, compared to $5,139,091 at August 31, 2015 and $233,255 at November 30, 2014. Cash and cash equivalents on hand decreased $1,853,224 in the quarter and increased $3,052,612 from November 30, 2014.

Working capital provides funds for the Company to meet its operational and capital requirements. As at November 30, 2015, the Company maintained working capital of $6,448,082. The Company does not have any long-term liabilities. While the Company has incurred losses to date, based on the working capital available, management expects the Company to have adequate funds available on hand to meet the Company's planned growth and expansion of facilities over the next 12 months.

Capital asset and investment spending

For the three months ended November 30, 2015, the Company invested $1,460,221 in capital assets. For the six months ended November 30, 2015, the Company invested $2,816,452 in capital assets, of which $436,267 are considered maintenance CAPEX and the remainder, $2,380,185, growth CAPEX related to the Company's Part 1 expansion.

Financial covenants

The Company does not currently have any financial covenants that it must meet.

Contractual obligations and off-balance sheet financing

The Company has a lease commitment until December 31, 2018 for the rental of greenhouse and office space from a related party. The Company has an option to extend this lease for two additional 5 year periods. Minimum payments payable over the next five years are as follows:

	Payments due by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Operating leases	$ 717,409	$ 232,673	$ 465,346	$19,390	$ --

Except as disclosed elsewhere in this MD&A, there have been no material changes with respect to the contractual obligations of the Company during the year.

Aphria does not maintain any off-balance sheet financing.

(In 000's, except for per share amounts)

Share capital

Aphria has the following securities issued and outstanding, as at November 30, 2015:

	Presently outstanding	Exercisable	Exercisable & in-the-money	Fully diluted
Common stock	52,537,920			52,537,920
Stock options	--	3,307,627	3,287,627	4,840,000
Warrants	--	16,614,794	5,114,794	16,614,794
Compensation warrants	--	1,420,601	1,420,601	1,420,601
Fully diluted	**52,537,920**			**75,413,315**

QUARTERLY RESULTS

The following table sets out certain unaudited financial information for each of the eight fiscal quarters up to and including the second quarter of fiscal 2016, ended November 30, 2015. The information has been derived from the Company's unaudited consolidated financial statements, which in management's opinion, have been prepared on a basis consistent with the audited consolidated financial statements filed in the Company's 2015 Annual Report and include all adjustments necessary for a fair presentation of the information presented. Past performance is not a guarantee of future performance and this information is not necessarily indicative of results for any future period.

	Feb/15	**May/15**	**Aug/15**	**Nov/15**
Sales	$ 51,540	$ 499,890	$ 950,740	$ 2,026,975
Net loss	(3,103,111)	(481,380)	(476,825)	(431,098)
Loss per share - basic	(0.06)	(0.01)	(0.01)	(0.01)
Loss per share – fully diluted	(0.06)	(0.01)	(0.01)	(0.01)
	Feb/14	**May/14**	**Aug/14**	**Nov/14**
Sales	$ --	$ --	$ --	$ --
Net loss	(301,884)	(783,415)	(1,600,104)	(1,358,849)
Loss per share - basic	(0.01)	(0.03)	(0.04)	(0.04)
Loss per share – fully diluted	(0.01)	(0.03)	(0.04)	(0.04)

The Company obtained its MMPR licence to produce and sell on November 26, 2014, with sales commencing shortly thereafter. The Company recognized listing costs of $2,708,031 in the third quarter of 2015, $314,037 in the second quarter of 2015, and $256,000 in the first quarter of 2015.

RELATED PARTY BALANCES AND TRANSACTIONS

Prior to going public, the Company funded operations through the support of related parties. Since going public, the Company has continued to leverage the purchasing power of these related parties for certain of its growing related expenditures. The Company owed $nil to related parties as at November 30, 2015 (August 31, 2015 - $120,369). These amounts were due upon demand and are non-interest bearing. These parties are related as they are corporations that are controlled by certain officers and directors of the Company (Mr. Cole Cacciavillani and Mr. John Cervini).

(In 000's, except for per share amounts)

The Company transacts with related parties in the normal course of business. Through these related parties, Aphria is able to leverage the purchasing power for growing related commodities and labour, which provides the Company with better rates than if Aphria was sourcing these on its own. These transactions are measured at their exchange amounts.

During the three months ended November 30, 2015, related party corporations charged or incurred expenditures on behalf of the Company totaling $403,344 (2014 - $161,531), which were or are to be reimbursed, including rent of $42,511 (2014 - $42,000).

During the six months ended November 30, 2015, related party corporations charged or incurred expenditures on behalf of the Company totaling $648,725 (2014 - $373,560), which were or are to be reimbursed, including rent of $77,173 (2014 - $84,000).

SUBSEQUENT EVENTS

Subsequent to November 30, 2015, the Company granted 195,000 stock options at an exercise price of $1.26 per share, expiring 3 years from the date of grant. The options vested immediately upon grant.

Subsequent to November 30, 2015, the Company announced completion of its bought deal financing. Under the bought deal, the Company raised net proceeds of $10,485,264, after accounting for underwriting, legal and other costs and issued 8,846,370 common shares, 4,423,185 warrants, 530,782 broker warrants and 265,391 broker compensation warrants.

Subsequent to November 30, 2015, the Company purchased 100% of the common shares of CannWay Pharmaceuticals Ltd. ("CannWay") in exchange for issuing 3,600,000 common shares of Aphria from treasury. The Company previously had a branding agreement with CannWay, which allowed it to use the CannWay brand in exchange for a royalty on all sales of CannWay branded products. With Aphria owning the full rights to the brand, the royalty payment was terminated.

The revised securities outstanding after consideration of all of the subsequent events is as follows:

	Presently outstanding	Exercisable	Exercisable & in-the-money	Fully diluted
Common stock	64,984,290			64,984,290
Stock options	--	3,307,627	3,307,627	5,035,000
Warrants	--	21,037,979	5,114,794	21,037,979
Compensation warrants	--	1,951,383	1,951,383	1,951,383
Warrants on exercise of compensation warrants	--			265,391
	64,984,290			**93,274,043**

This MD&A contains forward-looking statements within the meaning of applicable securities legislation with regards to expected financial performance, strategy and business conditions. We use words such as "forecast", "future", , "should", "could", "enable", "potential", "contemplate", "believe", "anticipate", "estimate", "plan", "expect", "intend", "may", "project", "will", "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks and uncertainties. Many factors could cause actual results, performance or achievement to be materially different from any future forward-looking statements. Factors that may cause such differences include, but are not limited to, general economic and market conditions, investment performance, financial markets, legislative and regulatory changes, technological developments, catastrophic events and other business risks. These forward-looking statements are as of the date of this MD&A and the Company and management assume no obligation to update or revise them to reflect new events or circumstances except as required by securities laws. The Company and management caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made.

Some of the specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to the following:

- *the intended expansion of the Company's facilities and receipt of approval from Health Canada to complete such expansion;*
- *the expected growth in the number of patients using the Company's medical marijuana; and*
- *the anticipated future gross margins of the Company's operations.*