Aphria Inc.

Management's Discussion & Analysis

For the three and nine months ended February 28, 2015

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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 nine months ended February 28, 2015. It is supplemental to, and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the nine months ended February 28, 2015, the Pure Natures Wellness Inc. ("PNW") audited annual consolidated financial statements and the accompanying notes for the thirteen months ended May 31, 2014, and the management information circular dated October 28, 2014. This MD&A is prepared as of April 22, 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.

Notice Concerning Forward-looking Statements

This MD&A contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words "forecast", "future", "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.

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 PNW. For further information on this transaction, please refer to the management information circular dated October 28, 2014.

Pure Natures Wellness Inc. d/b/a Aphria, a wholly-owned subsidiary of the Company, is licensed to produce and sell medical marijuana under the provisions of the Marihuana for Medical Purposes Regulations ("MMPR"). PNW received its license to produce and sell medical marijuana on November 26, 2014. PNW's operations are based in Leamington, Ontario. The registered office is located at 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario.

The Company's common shares are listed under the symbol "APH" on the TSX Venture Exchange ("TSX-V").

Recent Developments

License

On November 26, 2014, Aphria received its license from Health Canada to cultivate and sell marijuana under the MMPR. Prior to receiving its final license to distribute medical marijuana, Aphria was operating under a partial license at its facility in Leamington. Aphria is licensed to produce and sell 700 kilograms of medical marijuana until September 24, 2015.

In February 2015, the Company successfully amended its license with Health Canada to allow for wholesale shipping of medical marijuana plant cuttings. In March 2015, the Company amended its license to allow for wholesale shipping of medical marijuana in dried bud form.

Patients

Aphria registered 247 patients by end of quarter and, since then, in less than two months that number has nearly tripled to 700 patients, with approximately 500 patient users placing at least one order.

Sponsorship and Study

The Company entered into an agreement with Canadian-based Apollo Applied Research Inc. ("Apollo") to be a sponsor of, and supplier to, a three-year medical marijuana observational research study being conducted by Apollo. The study has received ethics approval to conduct clinical research on up to 1,100 qualified subjects across Ontario.

Qualifying Transaction

In December 2014, the Company completed its proposed transaction between Black Sparrow and PNW as previously disclosed in July 2014. PNW amalgamated with a new and direct wholly-owned subsidiary of Black Sparrow to become a direct, wholly-owned subsidiary of Black Sparrow. Black Sparrow changed its name to Aphria Inc. and remains as the resulting issuer. The transaction constituted the qualifying transaction of Black Sparrow under the policies of the TSX-V.

Wholesale

In April 2015, the Company completed its first two wholesale shipments of medical marijuana of approximately 54,000 grams of medical marijuana, pursuant to the amendment of its license in March 2015. Based on current costs, management expects the Company’s wholesale shipment secondary strategy will deliver gross margins in excess of fifty percent.

Referral Agreements

In April 2015, Aphria entered into agreements with two national organizations committed to helping first responders and veterans deal with chronic ailments. Each of the agreements has a three-year term and is renewable for three successive periods of one-year. The Company expects the contribution to operating income from sales generated by these two referral contracts to be in the range of 25%-30% of revenue and use as much as 50% of the Company’s annualized growing capacity.

Expansion

Currently, Aphria has 22,000 square feet of production space. However, in March 2015, Aphria’s board of directors approved a two-phase expansion. The initial expansion involves the retrofit of three existing greenhouses adjacent to the current facilities for an additional 20,000 square feet, budgeted at approximately $1 million, or $50 per square foot. Concurrent with its expansion, Aphria will be working with Health Canada to increase the amount of medical marijuana it is permitted to cultivate and sell under the MMPR. Following completion of construction and the receipt of various required Health Canada approvals, Aphria expects to have total annualized growing capacity of approximately 2,500 kilograms by late 2015.

The second phase is expected to add an incremental 88,000 square feet of greenhouse capacity and increase production of medical marijuana to approximately 7,500 kilograms on an annualized basis. In total, the two-phase project is expected to cost approximately $5 million and will be funded by cash on hand. The Company's board of directors is expected to formally approve the second phase of the expansion at the end of the summer.

Selected Financial Information

Selected Quarterly Financial Information

	Q3-2015 Feb 28/15 $	Q2-2015 Nov 30/14 $	Q1-2015 Aug 31/14 $	Q4-2014 May 31/14 $	Q3-2014 Feb 28/14 $	Q2-2014 Nov 30/13 $	Q1-2014 Aug 31/13 $	Q4-2013 Apr 30/13 $
Revenue	51,540	-	-	-	-	-	-	-
Net loss	(3,103,111)	(1,358,849)	(1,600,104)	(783,415)	(301,884)	(228,267)	(253,071)	(163,067)
Net loss per share	(0.06)	(0.04)	(0.04)	(0.03)	(0.01)	(0.01)	(0.03)	(1.54)

The increase in net loss each quarter is due to the increased expenditures incurred by the Company as it went through the MMPR licensing process to become a licensed producer. The license to produce and sell was obtained by the Company on November 26, 2014. 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.

Results of Operations

Revenue and Cost of Sales

	3 months ended Feb 28, 2015	3 months ended Feb 28, 2014	**9 months ended Feb 28, 2015**	10 months ended Feb 28, 2014
Revenue	**$ 51,540**	$ -	**$ 51,540**	$ -
Cost of sales:				
Cost of goods sold	**26,858**	-	**26,858**	-
Pre-distribution growing costs	-	85,455	**321,028**	236,114
Change in biological assets	**(232,682)**	-	**(505,489)**	-
	(205,824)	85,455	**(157,603)**	236,114
Gross margin	**$ 257,364**	$ (85,455)	**$ 209,143**	$ (236,114)

Revenue from the three and nine months ended February 28, 2015 was $51,540. The third quarter of 2015 marks the first full quarter the Company held its license to sell medical marijuana, with the Company completing its first commercial shipment in December 2014. No revenue was earned prior to December 2014.

Cost of sales currently consist of three main categories: (i) cost of goods sold, (ii) pre-distribution growing costs, 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. In the three and nine months ended February 28, 2015, the Company recognized $26,858 of cost of goods sold. Cost of goods sold were not recognized prior to this quarter, as the Company had not yet commenced sales. It is important to note that embedded in this quarter's cost of goods sold recognized is a portion of the non-cash fair value markup in the Company's medical marijuana inventory due to IFRS. All medical marijuana shipped and sold by Aphria has been grown and produced by the Company.

(ii) Pre-distribution growing costs include costs directly attributable to the growing and cultivation of medical marijuana that were expensed prior to the Company receiving its full license to produce and sell medical marijuana under the MMPR. No costs were classified as pre-distribution growing costs after receiving its full license. The Company incurred $85,455 and $236,114 pre-distribution growing costs in the three and ten months ended February 28, 2014.

(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 currently represents the change in fair value in biological assets (medical marijuana) at the point of harvest. For further discussion regarding this IFRS standard, please refer to *Accounting Standards - International Accounting Standard ("IAS") 41 - Agriculture* in this MD&A.

The change in biological assets for the three and nine months ended February 28, 2015 were $232,682 and $505,489 respectively. There were no changes recognized prior to receiving the full license under the MMPR.

Due to the limited reporting period of time the Company had its license to sell medical marijuana, management does not believe that gross margins for the three and nine months ended February 28, 2015 are indicative of future results. Gross margin for the three months ended February 28, 2015 was $257,364 (2014 – negative $85,455) and the nine months ended February 28, 2015 was $209,143 (2014 - negative $236,114).

Management believes the use of an adjusted gross margin currently provides a better representation of performance. The following is the Company's adjusted gross margin as compared to IFRS:

	3 months ended Feb 28, 2015 IFRS	Adjustments	**3 months ended Feb 28, 2015 Adjusted**
Revenue	$ 51,540	$ -	**$ 51,540**
Cost of sales:			
Cost of goods sold	26,858	(10,714)	**16,144**
Change in biological assets	(232,682)	232,682	-
	(205,824)	221,968	**16,144**
Gross margin	$ 257,364	$ (221,968)	**$ 35,396**
Gross margin percentage	499.3%		**68.7%**

The adjusted gross margin 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 gross margin has been adjusted from IFRS by removing the non-cash change in biological assets of $232,966 and removing $10,714 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. The resulting adjusted gross margin is $35,396 and combined gross margin percentage of 68.7% from retail and wholesale for the third quarter of 2015. Management believes this measure provides useful information as it represents the gross margin based on the Company's cost to produce inventory sold and removes fair value metrics required by IFRS. As sales volumes grow and reach capacity, the Company expects the IFRS reported gross margin to become a more meaningful indicator of performance.

General and Administrative Costs

	3 months ended Feb 28, 2015	3 months ended Feb 28, 2014	9 months ended Feb 28, 2015	10 months ended Feb 28, 2014
Executive compensation	**$ 119,977**	$ 86,250	**$ 538,054**	$ 287,500
Consulting fees	**26,260**	35,000	**366,280**	105,000
Professional fees	**11,425**	14,125	**175,385**	37,764
Office and general	**116,467**	147	**188,728**	585
Rent	**2,840**	35,500	**59,340**	53,000
Salaries and wages	**22,910**	-	**65,242**	-
Travel and accomodation	**57,940**	376	**87,678**	376
	$ 357,819	$ 171,398	**$ 1,480,707**	$ 484,225

General and administrative costs were $357,819 and $1,480,707 in the three and nine months ended February 28, 2015, respectively compared to $171,398 and $484,225 for the three and ten months ended February 28, 2014. The increase was due to the Company's continued focus throughout 2014 and 2015 on obtaining its license to produce and sell under the MMPR. As expected, activity and expenses increased as the Company transitioned from the application stage through to a fully licensed producer. During the nine months ended February 28, 2015, the Company incurred $250,000 of fees that relate to the departure of a minority shareholder that are not expected to be recurring in nature.

Selling, Marketing and Promotion Costs

For the three and nine months ended February 28, 2015, the Company incurred selling, marketing and promotion costs of $181,270 and $391,802, respectively, versus $44,107 and $60,893 in the comparable prior periods. This increase in the fiscal 2015 periods is related to the commencement of the Company's call centre operations, which are outsourced to a third party, as well as the development of promotional and information materials.

Amortization and Depreciation

Amortization and depreciation expense for the three and nine months ended February 28, 2015 was $21,958 and $34,486, respectively. This compares to $924 and $1,990 for the three and ten months ended February 28, 2014. Amortization and depreciation expense relates to office and computer equipment not directly related operations, as well as amortization of intangible assets, including website development costs and clinical data.

Depreciation of property and equipment directly related to operations is generally included in cost of sales or capitalized as part of inventory costs.

Share-based Compensation

The Company recognized share-based compensation expense of $162,664 and $1,157,411 for the three and nine months ended February 28, 2015 compared to $nil for the comparative periods in the prior year. The share-based compensation expense recognized is related to the 4,150,000 stock options granted throughout fiscal 2015 to various directors, officers, employees and consultants of the Company. Share-based compensation was valued using the Black-Scholes valuation model and represents a non-cash expense.

Listing Cost

Aphria's qualifying transaction between Black Sparrow and PNW has been accounted for as a reverse acquisition that does not constitute a business combination. For accounting purposes, the legal subsidiary, PNW, has been treated as the acquirer and Black Sparrow, the legal parent, has been treated as the acquiree. The Company recognized a listing cost for the three and nine months ended February 28, 2015 of $2,708,031 and $3,278,068, respectively.

Listing cost:	3 months ended Feb 28, 2015	9 months ended Feb 28, 2015
Excess attributed to cost of listing	$ 2,468,020	$ 2,468,020
Legal	-	570,034
Consulting fees	200,000	200,000
Other	40,011	40,014
	$ 2,708,031	$ 3,278,068

Of the total listing cost expense, $2,468,020 is non-cash. The listing cost is not expected to recur in the future. For accounting purposes, these financial statements reflect a continuation of the financial position, operating results and cash flows of the Company's legal subsidiary, PNW.

Finance Income

Interest income of $71,267 was earned during the three and nine months ended February 28, 2015. This amount relates to interest income was earned on the Company's cash held in interest bearing accounts. No finance income was earned prior to this quarter.

Net Loss

The net loss for the three months ended February 28, 2015 of $3,103,111 (2014 - $301,884) increased compared to the previous year. The main factor for this difference is the $2,708,031 of listing costs recognized during the third quarter of fiscal 2015 versus 2014. While the Company has incurred listing costs in each of the past three quarters, they are not expected to recur going forward. Excluding non-cash items relating to biological assets and cost of goods sold (as noted in the gross margin discussion) and non-recurring items, the Company's adjusted net loss for the third quarter of 2015 would have been $617,048 or an adjusted loss of $0.01 per share.

The net loss for the nine months ended February 28, 2015 was $6,062,064 versus $783,222 for the ten months ended February 28, 2014. The increased loss is attributable to the $3,278,068 of listing costs, $1,157,411 of share-based compensation, as well as the ramp up of operations during fiscal 2015. Excluding non-cash items and non-recurring items, the Company's adjusted net loss for the nine months ended February 28, 2015 would have been $3,278,771 or an adjusted loss of $0.08.

Non-GAAP Financial Measures

Aphria uses the following non-GAAP financial measures which it believes provides investors and analysts with additional information to better understand results as well as assess its potential. GAAP means generally accepted principles in Canada and represent International Financial Reporting Standards ("IFRS").

Adjusted gross margin

Adjusted gross margin represents the gross margin based on the Company's cost to produce inventory sold after removing non-cash IFRS fair value metrics. Gross margin is adjusted to exclude the non-cash change in biological assets as well as the non-cash fair value less costs to sell markup on dried marijuana inventory sold during the quarter. Adjusted gross margin is not a measurement based on GAAP, does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies.

Adjusted net earnings (loss)

Adjusted net earnings (loss) provides a measurement of profitability. Net earnings (loss) attributable to equity holders of the Company are adjusted to exclude the non-cash change in biological assets, the non-cash fair value less costs to sell markup on dried marijuana inventory sold during the quarter and listing costs. Adjusted net earnings (loss) is not a measurement based on GAAP, is not considered an alternative to net earnings in measuring profitability, and may not be comparable to similar measures used by other companies.

Additional GAAP Measures

The Company uses a subtotal "Loss from operations", which may be considered an additional GAAP measure as the subtotal heading is presented in the financial statements under IFRS that management believes is relevant to the understanding of the financial statements but is not a minimum line item mandated by IFRS.

Management believes this measure provides useful information to users by excluding items that are not related to core operations of the business. It is not intended to represent an alternative to net earnings or other measures of financial performance in accordance with IFRS.

Liquidity and Capital Resources

The Company is exposed to liquidity risk or the risk of not meeting its financial obligations as they come due. The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations. As at February 28, 2015, the Company had working capital of $10,428,254 and cash of $9,242,336. Working capital provides funds for the Company to meet its operational and capital requirements. The Company does not have any long-term liabilities.

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. Refer to "Outlook – Expansion" for additional details on the Company's expected capital expenditures.

Commitments

The Company has a lease commitment until December 31, 2018 for the rental of greenhouse and office space. 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:

Fiscal year ending May 31,
2015 - $27,684
2016 - $138,647
2017 - $138,647
2018 - $138,647
2019 - $80,877

Related Party Balances and Transactions

The Company has historically funded operations through the support of related parties. The Company owes $121,465 to related parties as at February 28, 2015 ($2,912,060 as at May 31, 2014). 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). These amounts are due on demand and non-interest bearing. During the nine months ended February 28, 2015, the Company repaid $2,211,129 to related parties, and converted another $1,000,000 that was due to related parties into share capital.

The Company transacts with related parties in the normal course of business. These transactions are measured at their exchange amounts.

(a) During the nine month period ended February 28, 2015, related party corporations charged or incurred expenditures on behalf of the Company totalling $420,534 (2014 - $683,463) which were or are to be reimbursed.

(b) The Company leased greenhouse and office space from a corporation over which an officer and director of the Company has control. Total rent of $79,451 was charged during the nine month period ended February 28, 2015 (2014 - $53,000) after a one-time credit due to re-negotiation of the lease during the period.

Financial Instruments Risk Exposure and Management

The Company's objectives and policies for managing capital, credit risk and liquidity risk are consistent with the financial statements for the period ended May 31, 2014. Refer to the financial statements for the periods ended February 28, 2015 and May 31, 2014 for additional information.

Accounting Standards

Changes in Accounting Standards

The Company assessed the effects of amendments to IAS 32 Offsetting Financial Assets and Liabilities and IAS 36 Impairment of Assets, which are effective retrospectively for annual periods beginning on or after January 1, 2014. The Company determined there was no significant impact from these adoptions.

Refer to the financial statements for the three and nine months ended February 28, 2015 for information on a number of new standards, amendments to standards and interpretations, which are not yet effective, and have not been applied in preparing these consolidated financial statements but may affect the Company.

International Accounting Standard ("IAS") 41 - Agriculture

Under IAS 41 – Agriculture, when biological assets such as medical marijuana plants are harvested and transferred to inventory, the Company must value the inventory at the point of harvest at fair value less cost to sell. This is a unique accounting standard for biological assets, which are generally defined as living animals or plants. This valuation of inventory at harvest increases the carrying value of inventory held by the Company, with an offsetting gain recognized on the income statement. As such, the Company's gross margin under IFRS would likely differ from what would be shown if the Company was producing inventory that was not derived from a biological asset due to timing differences with respect to growing, harvesting and selling medical marijuana.

In addition, IAS 41 requires that all biological assets be valued at fair value less cost to sell at the end of each reporting period unless fair value cannot be measured reliably. The Company currently carries its biological assets that have not yet been harvested at cost, which the Company believes is a reasonable representation of fair value less costs to sell based on the current market environment.

Change in biological assets has been grouped with cost of sales but is non-cash in nature and is consistent with the treatment by other publicly listed competitors. While the Company's publicly listed competitors may not necessarily separate out the impact of the changes in biological assets on the income statement, we believe it is important to understand the impact it has on the Company's gross margin. It reflects the fair value less cost to sell markup on biological assets when they are harvested and transferred to inventory.

Subsequent events

Subsequent to February 28, 2015, the Company issued 370,000 stock options as follows:

Number of Options	Expiry	Weighted Average Exercise Price	Vesting Conditions
15,000	March 2018	$0.90	100% upon grant
45,000	March and April 2018	$0.99	1/3 upon grant, 1/3 upon first anniversary, 1/3 upon second anniversary
310,000	March and April 2018	$1.04	Based on certain performance conditions assessed over the life of the options
370,000		**$1.02**	

In addition, the Company advanced $500,000 to a third party in the form of a promissory note subsequent to the period. The promissory note bears interest at 3% per annum and is repayable in monthly instalments over a period of two years until March 2017.

Disclosure of Outstanding Share Data

As at the date of this report, the following securities were issued and outstanding:

Security	Number outstanding
Common shares	52,479,587
Stock options	4,520,000
Warrants	16,673,127
Compensation warrants*	2,222,869
Fully diluted	**75,895,583**

* Assuming warrants obtained from exercising of the compensation warrants are also exercised.

Risk Factors

The Company's overall performance and results of operations are subject to a number of risks and uncertainties. The Company is subject to certain risks and uncertainties from both financial and operational factors. Refer to the management information circular dated October 28, 2014 for further details on risk factors related to the business. Some of the key risks are highlighted as follows:

Reliance on the License

Aphria's ability to grow, store and sell medical marijuana in Canada will be dependent on maintaining the license with Health Canada. Failure to comply with the requirements of the license or any failure to maintain the license 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 license, there can be no guarantee that Health Canada will extend or renew the license 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 license or should it renew the license on different terms, the business, financial condition and results of the operation of Aphria would be materially adversely affected.

Risks Inherent in an Agricultural Business

Aphria's business involves the growing of medical marijuana, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although Aphria expects that any such growing will be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Risks Related to the Medical Marijuana Industry

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 Licensed 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.

Federal Court Case

On March 21, 2014 the Federal Court of Canada issued an order affecting the repeal of the MMAR and the application of certain portions of the MMPR which are inconsistent with the MMAR in response to a motion brought by four individuals. The risks to the business represented by this or similar actions are that they might lead to court rulings or legislative changes that allow those with existing licences to possess and/or grow medical marijuana and perhaps others to opt out of the regulated supply system implemented through the MMPR. This could significantly reduce the addressable market for Aphria's products and could materially and adversely affect the business, financial condition and results of operations of Aphria.

Product Liability

As a distributor of products designed to be ingested by humans, Aphria faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of Aphria's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of Aphria's products alone or in combination with other medications or substances could occur. Aphria may be subject to various product liability claims, including, among others, that Aphria's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against Aphria could result in increased costs, could adversely affect Aphria's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of Aphria. There can be no assurances that Aphria will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Aphria's potential products.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.