NOTE TO READER: THIS MANAGEMENT DISCUSSION AND ANALYSIS IS BEING RE-FILED IN ORDER TO CORRECT A TYPOGRAPHICAL ERROR IN THE DATE OF THE PRESENTATION OF INFORMATION ON PAGE 1. THIS MD&A IS PREPARED AS OF JANUARY 10, 2017 AND NOT JANUARY 10, 2016.

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, 2016. 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 months ended August 31, 2016, as well as the financial statements and MD&A for the year ended May 31, 2016. 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 cash costs to produce, "all-in" cost of sales, adjusted gross profit, adjusted gross margin, EBITDA, cash break-even and EBITDA percentage, which are not measures of financial performance under IFRS. The Company calculates each as follows:

- *Cash costs to produce is equal to cost of sales less the non-cash increase (plus the non-cash decrease) in the fair value ("FV") of biological assets, if any, amortization and packaging costs divided by grams sold in the quarter. Management believes this measure provides useful information as it removes non-cash and post production expenses tied to our growing costs and provides a benchmark of Company against its competitors*
- *"All-in" cost of sales per gram is equal to cost of sales less the non-cash increase (plus the non-cash decrease) in the FV of biological assets, if any, divided by grams sold in the quarter. Management believes this measure provides useful information as a benchmark of the company against its competitors.*
- *Adjusted gross profit is equal to gross profit less the non-cash increase (plus the non-cash decrease) in the FV of 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*
- *Adjusted gross margin is 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.*
- *EBITDA is net income(loss), plus (minus) income tax expense (recovery) plus (minus) finance expense(income), plus amortization, plus share-based compensation, plus (minus) non-cash FV adjustments related to biological assets, plus amortization of non-capital assets, plus (minus) loss (gain) on sale of investments and certain one-time non-operating expenses, as determined by management. Management believes this measure provides useful information as it is a commonly used measure in the capital markets and as it is a close proxy for repeatable cash generated by operations.*
- *Cash break-even represents the year-to-date EBITDA of the Company. Management believes this measure provides useful information as it includes all EBITDA for the year-to-date.*
- *EBITDA percentage is equal to EBITDA divided by revenue. Management believes this measure provides useful information as it is a commonly used measure in the capital markets. 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 and where otherwise indicated.

This MD&A is prepared as of January 10, 2017.

COMPANY OVERVIEW

Aphria Inc. is incorporated in Ontario, the Company's common shares are listed under the symbol "APH" on the TSX Venture Exchange ("TSX-V") and under the symbol "APHQF" on the United States OTCQB Venture Market exchange.

Pure Natures Wellness (PNW), a wholly-owned subsidiary of the Company, is licenced to produce and sell medical marijuana under the provisions of the *Access to Cannabis for Medical Purposes Regulations* ("ACMPR"). PNW received its licence to produce and sell medical marijuana on November 26, 2014, followed by its licence to sell cannabis extracts on August 18, 2016. 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 and its derivatives 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 ACMPR Licenced Producers.

INVESTOR HIGHLIGHTS

	Q2-2017	Q1-2017
Revenue	$ 5,226,589	$ 4,375,512
Kilograms (or kilogram equivalents) sold	639.0	585.2
Cash cost to produce / gram	$ 1.31	$ 1.23
"All-in" cost of sales / gram	$ 1.85	$ 1.80
Adjusted gross margin	77.4%	75.9%
Cash and cash equivalents on hand	$ 98,614,981	$ 53,452,414
Working capital	$ 102,438,357	$ 56,513,651
Capital and intangible asset expenditures	$ 5,389,351	$ 7,529,688

- Retail & wholesale platforms
- Capacity secured to service recreational market
- No crop failures since inception
- Four consecutive quarters of EBITDA and Net Income, both with and without IFRS fair value adjustments
- Strong executive team
  - 20+ years of Pharma experience
  - 35+ years of greenhouse growing experience

QUARTERLY HIGHLIGHTS

Aphria positive earnings for the fourth consecutive quarter

The Company reported positive earnings for the quarter including net income both with and without IFRS fair value adjustments, net income for the quarter was $945,678 with IFRS fair value adjustments and $871,410 without IFRS fair value adjustments, respectively.

Announcement of Tokyo Smoke Licensing Deal

On September 7, 2016, the Company announced a ground-breaking licensing deal with Tokyo Smoke, a premium cannabis-oriented lifestyle brand. The transaction will be the first-of-its-kind in Canada as it combines a premium consumer lifestyle brand and a licensed producer and seeks to pave the way for how future cannabis brands operate in Canada. The deal will allow Aphria to ship Tokyo Smoke branded cannabis in Canada to registered patients through the Access to Cannabis for Medical Purposes Regulations ("ACMPR") system.

Board Approval Received for Part III Expansion

On September 16, 2016, the Company announced that its Board of Directors approved a fully funded $24.5 million capital project internally identified as Part III expansion. The project will increase Aphria's capacity under the Access to Cannabis for Medical Purposes Regulations ("ACMPR") from 100,000 square feet to 300,000 square feet and is expected to increase the Company's ACMPR compliant growing capabilities from 7,500 kgs annually to 21,000 kgs annually. The project includes 200,000 square feet of state-of-the-art Dutch style greenhouses, 21,000 square feet of infrastructure, including four Level 9 vaults, automation for both the greenhouses and processing areas and security consistent with ACMPR standards. Aphria anticipates completion of this phase of the project within 12 months of the announcement, Health Canada approvals within 4 months of completing the expansion and reaching full crop rotation within 4 months after Health Canada approval.

IP Transfer Agreement with Copperstate Farms LLC in Arizona

On October 27, 2016, the Company agreed to transfer its greenhouse growing intellectual property to Copperstate Farms LLC in exchange for a cashless 5% membership interest. At the same, the Company, through its subsidiary Aphria (Arizona) Inc., paid $1.3 million (USD) for a 5% membership interest in Copperstate Farms Investors LLC, the parent company of Copperstate Farms LLC.

On December 19, 2016, the Company paid an additional $1.3 Million USD for an additional 5% membership interest in Copperstate Farms Investors, LLC.

Closing of bought deal financing

On November 30, 2016, the Company announced the closing of its bought deal financing. Under the bought deal, the Company raised gross proceeds of $40,250,000, and net proceeds of $37,263,475 after accounting for underwriting, legal and other costs and issued 10,062,500 common shares. The Company plans to use the proceeds primarily to fund future expansion.

FAIR VALUE MEASUREMENTS

Impact of fair value metrics on biological assets and inventory

In accordance with IFRS, the Company is required to record its biological assets at fair value. During the growth phase, the cost of each plant is accumulated on a weekly basis. At the time of harvest, the accumulated cost of each plant is based on the number of grams harvested. Upon harvest, the Company increases the cost value to fair value.

As at November 30, 2016, the Company's harvested cannabis and cannabis oil, as detailed in Note 6 of its financial statements, is as follows:

	November 30, 2016	August 31, 2016
Harvested cannabis – at cost	$ 843,808	$ 917,206
Harvested cannabis – fair value increment	956,224	1,037,067
Cannabis oil – at cost	517,342	372,246
Cannabis oil – fair value increment	357,968	202,857
Cannabis products – at fair value	$ 2,675,342	$ 2,529,376

In an effort to increase transparency, the Company's cannabis product, which consists of dried flower and cannabis oil, are carried at fair values of $3.75 per gram and $0.62 per mL, respectively. The individual components of fair value are as follows:

	November 30, 2016	August 31, 2016
Harvested cannabis – at cost – per gram	$ 1.76	$ 1.76
Harvested cannabis – fair value increment – per gram	1.99	1.99
Cannabis oil – at cost – per mL	0.37	0.40
Cannabis oil – fair value increment – per mL	0.25	0.22

COST PER GRAM

The Company calculates "all-in" and adjusted "all-in" cost of sales per gram as follows:

"All-in" cost of sales per gram	Three months ended November 30, 2016	Three months ended August 31, 2016
Cost of sales for the quarter	$ 1,105,581	$ 593,367
Net effect of FV change in biological assets	(74,268)	(460,549)
Cost of sales excluding IFRS adjustments	$ 1,179,849	$ 1,053,916
Grams sold	638,999	585,187
"All-in" cost of sales per gram	$ 1.85	$ 1.80

Introduction of oil processing has resulted in additional processing costs in cost of sales. Absent these additional costs, "all-in" cost of sales per gram for the quarter would have decreased by approximately $0.06 per gram.

Calculation of cash costs to produce per gram

The Company calculates cash costs and adjusted cash costs to produce per gram as follows:

Cash costs per gram to produce	Three months ended November 30, 2016	Three months ended August 31, 2016
Cost of sales excluding IFRS adjustments from above	$ 1,179,849	$ 1,053,916
Amortization	(228,324)	(253,208)
Packaging costs	(111,357)	(79,132)
Cash costs to produce	$ 840,168	$ 721,576
Grams sold	638,999	585,187
Cash costs to produce per gram	$ 1.31	$ 1.23

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, 2016 and in our Short Form Prospectus, dated November 24, 2016, remain substantially unchanged in respect of the three months ended November 30, 2016, 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 ACMPR 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.

History of Losses

The Company incurred losses in prior 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.

Competition

On October 19, 2015, the Liberal Party of Canada ("Party") obtained a majority government in Canada. The Party has committed to the legalization of recreational cannabis in Canada, though no model for this regulatory change has been publicly disclosed or timeline for implementation put forward. This regulatory change may not be implemented at all. The introduction of a recreational model for cannabis production and distribution may impact the medical marijuana market. The impact of this potential development may be negative for the Company and could result in increased levels of competition in its existing medical market and/or the entry of new competitors in the overall cannabis market in which the Company operates.

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

The government has only issued to date a limited number of licenses, under the ACMPR, to produce and sell medical marijuana. There are, however, several hundred applicants for licenses. The number of licenses granted could have an impact on the operations of the Company. Because of the early stage of the industry in which the Company operates, the Company expects to face additional competition from new entrants. According to Health Canada there are currently 36 Licensed Producers. If the number of users of medical marijuana in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Company will require a continued level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

Exchange Restrictions on Business

As a condition to initially listing on the TSXV, the TSXV required that the Company deliver an undertaking (the ''Undertaking'') confirming that, while listed on TSXV, the Company will only conduct the business of production, acquisition, sale and distribution of medical marijuana in Canada as permitted under the License. The Undertaking could have an adverse effect on the Company's ability to do business or operate outside of Canada and on its ability to expand its business into other areas including the provision of non-medical marijuana in the event that the laws were to change to permit such sales and the Company is still listed on the TSXV and still subject to the Undertaking at the time. The Undertaking may prevent the Company from expanding into new areas of business when the Company's competitors have no such restrictions.

RESULTS OF OPERATIONS

Revenue

Revenue for the three months ended November 30, 2016 was $5,226,589 versus $2,026,975 in the same period of 2015 and $4,375,512 in the first quarter of 2017 fiscal.

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

- Continued acceleration of patient onboarding;
- Improved average selling price per gram (or gram equivalent) sold;
- Continued improvement in grams sold per order; and,
- A refinement of strains, resulting in greater variety of product offerings for patients.

Revenue for the six months ended November 30, 2016 was $9,602,101 versus $2,977,715 in the same period of 2015. 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.

With the recent changes announced by Veterans Affairs Canada with respect to a price cap of $8.50 per gram, for reimbursement by veterans, the Company anticipates its average selling price per gram to decrease in the upcoming quarter.

Gross profit and gross margin

The gross profit for the three months ended November 30, 2016 was $4,121,008, compared to $1,309,254 in the same period in the prior year. The increase in gross profit from the prior year is consistent with the much larger patient base over the prior year combined with improved production costs per gram over the same quarter in the prior year.

The gross profit for the six months ended November 30, 2016 was $7,903,153, compared to a gross profit of $1,987,809 in the same period of the prior year.

Due to the rapid volume of growth in the Company over the past 12 months as a result of continued patient acquisitions, management believes more appropriate comparisons of gross profit and gross margin are between the three months ended November 30, 2016 and the three months ended August 31, 2016.

The gross profit for the three months ended November 30, 2016 increased $338,863 to $4,121,008, compared to $3,782,145 in the prior quarter, as shown below:

	Three months ended	
	November 30, 2016	August 31, 2016
Revenue	$ 5,226,589	$ 4,375,512
Cost of sales		
Cost of goods sold	951,525	800,708
Amortization	228,324	253,208
Net effect of FV change in biological assets	(74,268)	(460,549)
	1,105,581	593,367
Gross profit	$ 4,121,008	$ 3,782,145
Gross margin	78.8%	86.4%

Cost of sales currently consist of three main categories: (i) cost of goods sold; (ii) amortization and, (iii) net effect of FV 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) Net effect of FV 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 net effect of the non-cash fair value adjustment of biological assets (medical cannabis) produced and sold in the period. In an effort to increase transparency, management deems it necessary to disclose that inventory of Harvested cannabis (Note 6 – Interim consolidated financial statements period ended August 31, 2016) consists of dried flower and cannabis oil, all of which is carried at a value of $3.75 per gram (cannabis oil is carried at $0.62/mL, 6mL of cannabis oil is equivalent to 1 gram of dried product).

The decrease in gross margin was attributable to a lesser fair value adjustment for change in biological assets in the quarter compared to last quarter, decreasing cost of goods sold in the quarter by $74,268 versus $460,549 in the first quarter of fiscal 2017. In the second quarter, the cost of goods sold as a percentage of sales was 78.8% compared to 86.4% in the first 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 $74,268 and $534,817 in the three and six months respectively.

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, 2016 IFRS	Adjustments	Three months ended November 30, 2016 Adjusted
Revenue	$ 5,226,589	$ --	$ 5,226,589
Cost of sales			
Cost of goods sold	951,525	--	951,525
Amortization	228,324	--	228,324
Net effect of FV change in biological assets	(74,268)	74,268	--
	1,105,581	74,268	1,179,849
Gross profit	$ 4,121,008		$ 4,046,740
Gross margin	78.8%		77.4%

The following is the Company's adjusted gross profit and adjusted gross margin as compared to IFRS for the six months ended November 30, 2016:

	Six months ended November 30, 2016 IFRS	Adjustments	Six months ended November 30, 2016 Adjusted
Revenue	$ 9,602,101	$ --	$ 9,602,101
Cost of sales			
Cost of goods sold	1,752,233	--	1,752,233
Amortization	481,532	--	481,532
Net effect of FV change in biological assets	(534,817)	534,817	--
	1,698,948		2,233,765
Gross profit	$ 7,903,153		$ 7,368,336
Gross margin	82.3%		76.7%

Selling, general and administrative

Selling, general and administrative expenses are comprised of general and administrative, share-based compensation, selling, marketing and promotion, amortization and research and development. These costs increased by $1,880,421 to $3,634,626from $1,784,205 in the same quarter in the prior year and increased $3,641,621 to $6,628,943 from $2,987,322 in the six-month period of the prior year.

	Three months ended November		Six months ended November	
	2016	2015	2016	2015
General and administrative	$ 1,224,718	$ 506,902	$ 2,184,310	$ 930,834
Share-based compensation	251,494	212,318	454,589	259,331
Selling, marketing and promotion	1,819,193	965,602	3,199,840	1,581,250
Amortization	250,570	44,631	452,240	74,656
Research and development	88,651	54,752	337,964	141,251
	$ 3,634,626	$ 1,784,205	$ 6,628,943	$ 2,987,322

General and administrative costs

	Three months ended November		Six months ended November	
	2016	2015	2016	2015
Executive compensation	$ 204,615	$ 131,541	$ 416,924	$ 254,495
Consulting fees	34,647	17,387	79,412	27,287
Office and general	417,241	103,546	708,385	224,057
Professional fees	133,857	99,755	239,864	135,581
Salaries and wages	262,932	85,379	487,580	151,469
Travel and accommodation	146,479	56,551	219,045	115,362
Rent	24,947	12,743	33,100	22,583
	$ 1,224,718	$ 506,902	$ 2,184,310	930,834

The increase in general and administrative costs during the quarter was largely related to an increase in:

- Salaries and wages and office and general as a result of increased activity within the business over the same period in the prior year;
- Professional fees, predominantly comprised of legal costs, associated with various negotiations and reviews of current and potential business relationships necessary to sustain growth of the Company; and,
- Executive compensation associated with increases in compensation payable to C-suite executives.
- Office and general, predominantly comprised of increases in information technology expenses, insurance, and charitable donations.

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

Share-based compensation

The Company recognized share-based compensation expense of $251,494 for the three months ended November 30, 2016 compared to $212,318 for the prior year. Share-based compensation was valued using the Black-Scholes valuation model and represents a non-cash expense. The increase in share-based compensation is consistent with the increase in stock options issued during the respective period, 1,145,000 in the current period compared to 290,000 in the same period of the prior year, of the stock options granted in the quarter only 416,424 vested in the quarter vested in the quarter.

For the six months ended November 30, 2016, the Company incurred share-based compensation of $454,589 as opposed to $259,331. 1,568,000 options were granted during the six-month period ended November 30, 2016, as opposed to 320,000 options in the comparable period of the prior year. Of the options granted in the six-month period ended November 30, 2016, only 575,753 vested in that six-month period.

Selling, marketing and promotion costs

For the three months ended November 30, 2016, the Company incurred selling, marketing and promotion costs of $1,819,193, versus $965,602 in the comparable prior period. These costs related to commissions on sales, the Company's call centre operations, shipping costs, as well as the development of promotional and information materials. The increase is directly correlated with the increase in patient and sales volumes over the comparable period.

For the six months ended November 30, 2016, the Company incurred selling, marketing and promotion costs of $3,199,840 as opposed to $1,581,250 in the comparable prior period. The increase in costs in the six-month period is consistent with the increase in the three-month period.

Amortization

The Company incurred non-production related amortization charges of $250,570 for the three months ended November 30, 2016 compared to $44,631 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 largest of which relates to the acquisitions of CannWay Pharmaceuticals Ltd. and land and greenhouses purchased from Cacciavillani and F.M. Farms Ltd.

The Company incurred amortization charges of $452,240 for the six months ended November 30, 2016 compared to $74,656 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 $88,651 were expensed during the three months ended November 30, 2016 compared to $54,752 in same period last year. These relate to costs associated with process validation of the Company's internal chemistry and micro biology labs, as well as research different aspects of genetics. The Company is also experimenting with different methods of extraction of cannabis oils and related derivatives for future commercialization.

For the six months ended November 30, 2016, the Company incurred research and development costs of $337,964 as opposed to $141,251 in the comparable prior period. The increase in costs primarily relates to:

- Validation of laboratory
- Development of processes and methods associated with extraction
- Phenotyping of genetics

Non-operating items

During the three months ended November 30, 2016, the Company earned non-operating income of $459,296 consisting of $291,483 of finance income, $95,286 of finance expense, and $263,099 related to a gain on sale of investments compared to non-operating income of $43,853 in the prior year, consisting of $37,402 of finance income, and $6,451 related to a gain on sale of capital assets.

For the six months ended November 30, 2016, the Company earned non-operating income of $566,737 consisting of $436,109 finance income, $143,838 finance expense, $263,099 related to a gain on the sale of investments and $11,367 related to a gain on sale of capital assets compared to non-operating income of $91,590 in the prior year, consisting of $85,139 of finance income, and $6,451 related to a gain on the sale of capital assets.

Net income (loss)

The net income for the three months ended November 30, 2016 was $945,678 or $0.01 per share as opposed to a net loss in the same period of the prior year of $431,098 or $0.01 per share.

The net income for the six months ended November 30, 2016 was $1,840,947 or $0.02 per share as opposed to a net loss in the same period of the prior year of $907,923 or $0.02 per share.

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 income (loss) plus (minus) finance expense (income) plus amortization plus (minus) loss (gain) on sale of capital assets, plus share-based compensation, plus (minus) non-cash fair value ("FV") adjustments related to biological assets, plus allowance for bad debts, plus amortization of non-capital assets, plus expenses relating to adjustment of standard costs, plus (minus) loss (gain) on sale of investments all as follows:

	Three months ended November		Six months ended November	
	2016	2015	2016	2015
Net income (loss)	$ 945,678	$ (431,098)	$ 1,840,947	$ (907,923)
Finance income	(291,483)	(37,402)	(436,109)	(85,139)
Finance expense and amortization of finance fees	96,536	--	145,921	--
Amortization	478,894	158,196	933,772	269,915
Share-based compensation	251,494	212,318	454,589	259,331
Non–cash FV adjustments in biological assets	(74,268)	82,250	(534,817)	(42,790)
Amortization of non-capital assets	33,120	19,844	47,141	111,014
Gain on sale of capital assets	--	--	(11,367)	--
Allowance for bad debts	21,748	--	75,911	--
Sub-total	$ 1,461,719	$ 4,108	$ 2,515,988	$ (395,592)
Gain on sale of investments	(263,099)	--	(263,099)	--
EBITDA	**$ 1,198,620**	**$ 4,108**	**$ 2,252,889**	**$ (395,592)**

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations for the six months improved by $ 3,089,875 from cash flow used in operations of $977,691 in the three-month period of the prior year to cash flow generated from operations of $2,112,184 in the current three-month period. The improvement in cash flow generated from operations is primarily a result of a:

- Increased profitability for the period stemming from increased sales volume;
- Decreased production costs per gram; and,
- Increased accounts payable and accrued liabilities, which primarily related to unpaid capital expenditures at the end of the period.

These factors were partially offset by:

- Increased inventory, the increase is primarily made up of an increase in the amount of cannabis oil in storage.

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, 2016, Aphria maintained $98,614,981 of cash and cash equivalents on hand, compared to $16,472,664 at May 31, 2016 and $3,285,867 at November 30, 2015. Cash and cash equivalents on hand increased $ 82,142,317 in the six-month period and increased $95,329,114 from November 30, 2015.

Working capital provides funds for the Company to meet its operational and capital requirements. As at November 30, 2016, the Company maintained working capital of $102,438,357. 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 24 months.

Capital and intangible asset expenditures

For the three months ended November 30, 2016, the Company invested $ 5,389,351 in capital and intangible assets, of which $52,432 are considered maintenance CAPEX and the remainder $5,336,919growth CAPEX, related to the property acquisitions and Company's Part II expansion.

For the six months ended November 30, 2016, the Company invested $12,919,039 in capital assets, of which $314,024 are considered maintenance CAPEX and the remainder, $12,605,015 growth CAPEX related to the Company's Part II expansion.

Financial covenants

The Company met its financial covenants at all times since they have come into effect. The Company believes that it has sufficient operating room with respect to its financial covenants for the next fiscal year and does not anticipate being in breach of any of its financial covenants during this period.

Contractual obligations and off-balance sheet financing

During the year, the Company terminated its lease commitment for rental of greenhouse and warehouse space in conjunction with the purchase of the 265 Talbot St. West property. The Company continues to lease office space from a related party, the lease commitment ends December 31, 2018 with the option to renew for two additional five year terms. The Company has a lease commitments until September 2019 and August, 2020 for motor vehicles. 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**
Outstanding capital related commitments	$ 2,887,876	$ 2,887,876	$ --	$ --	$ --
Operating leases	113,150	77,712	35,438	--	--
Motor vehicle lease	97,471	28,911	55,494	13,066	--
Total	**$ 3,098,497**	**$ 2,994,499**	**$ 90,932**	**$ 13,066**	**$ --**

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.

Share capital

Aphria has the following securities issued and outstanding, as at November 30, 2016:

	Presently outstanding	Exercisable	Exercisable & in-the-money*	Fully diluted
Common stock	111,610,973			111,610,973
Warrants	--	4,564,839	4,564,839	4,564,839
Stock options	--	4,288,433	4,288,433	5,873,000
Fully diluted				122,048,812

**Based on closing price on November 30, 2016 of $5.20 per share*

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 2017, ended November 30, 2016. 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 2016 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/16	May/16	Aug/16	Nov/16
Revenue	$ 2,679,898	$ 2,776,316	$ 4,375,512	$ 5,226,589
Net income (loss)	3,720	1,302,164	895,269	945,678
Income (Loss) per share - basic	0.00	0.02	0.01	0.01
Income (Loss) per share – fully diluted	0.00	0.02	0.01	0.01
	Feb/15	**May/15**	**Aug/15**	**Nov/15**
Revenue	$ 51,540	$ 499,890	$ 950,740	$ 2,026,975
Net income (loss)	(3,103,111)	(481,380)	(476,825)	(431,098)
Loss per share - basic	(0.06)	(0.01)	(0.01)	(0.00)
Loss per share – fully diluted	(0.06)	(0.01)	(0.01)	(0.00)

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.

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, 2016 (2015 - $nil). 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).

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, 2016, related party corporations charged or incurred expenditures on behalf of the Company totaling $71,578 (2015 - $403,344), which were or are to be reimbursed, including rent of $8,178 (2015 - $42,511).

During the six months ended November 30, 2016, related party corporations charged or incurred expenditures on behalf of the Company totaling $266,946 (2015 - $648,725), which were or are to be reimbursed, including rent of $33,033 (2015 - $77,173).

SUBSEQUENT EVENTS

On December 7, 2016, the Company announced its intention to participate in the private placement financing of Canabo Medical Inc. purchasing 6,000,000 common shares of the company at a price of $1.40 per share representing a 16.6% of the total issued and outstanding common shares. The private placement closed on December 22, 2016.

On December 12, 2016, the Company granted 500,000 stock options to consultants. The options expire on December 12, 2019 and are exercisable at $5.25 per option. 66,666 of the options granted vested immediately and the remainder vest based on the achievement of various operating metrics.

On December 14, 2016, the Company announced that it removed all conditions attached to a purchase and sale agreement to acquire 5 acres of largely vacant land located on the eastern border of its existing Health Canada approved site licence. The purchase price for the 5 acres was $750,000 and closed on December 22,2016 or early January 2017. Concurrent with this transaction, the abutting property will be merged into Aphria's existing municipal address, thereby avoiding the need to apply for a new Health Canada site licence for this parcel of land.

On December 14, 2016, the Company entered into a purchase and sale agreement to acquire 200 acres of fully serviced vacant land for $6.24 million located at 521 Mersea Road 8, Leamington, Ontario. As the land acquired does not abut the Company's existing operations, the Company requires a new site licence from Health Canada for the property. The Company anticipates the transaction closing in January 2017.

On December 19, 2016, the Company paid an additional $1.3 million USD for an additional 5% membership interest in Copperstate Farms LLC.

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 cost to produce a gram of medical cannabis; and*
- *the anticipated future gross margins of the Company's operations.*