VIRIDIUM PACIFIC GROUP LTD.
(formerly Morro Bay Resources Ltd.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

(AUDITED)

(IN CANADIAN DOLLARS)

12556 Stave Lake Road, Mission B.C. V2V 0A6, Canada, TSXV: VIR; Tel: 604-837-8688

TABLE OF CONTENTS

Independent Auditors' Report

To the Shareholders of Viridium Pacific Group Ltd.:

We have audited the accompanying consolidated financial statements of Viridium Pacific Group Ltd., which comprise the consolidated statement of financial position as at November 30, 2018, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Viridium Pacific Group Ltd. as at November 30, 2018 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 to these consolidated financial statements, which states that Viridium Pacific Group Ltd. incurred significant losses from operations and has an accumulated deficit. These matters, along with other matters described in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the ability of Viridium Pacific Group Ltd. to continue as a going concern.

Other Matter
The consolidated financial statements of Viridium Pacific Group Ltd. as at November 30, 2017 and for the year then ended were audited by another auditor who expressed an unmodified opinion on those statements on April 2, 2018.

Vancouver, British Columbia

March 12, 2019

MNP LLP
Chartered Professional Accountants

VIRIDIUM PACIFIC GROUP LTD.
(formerly Morro Bay Resources Ltd.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)

	Note	November 30, 2018	November 30, 2017
ASSETS			
Current			
Cash and cash equivalents		$ 1,607,950	$ 2,597,108
Amounts receivable	5, 9	224,211	216,109
Inventory	6	281,240	-
Biological assets	6	137,128	-
Prepaid expenses and deposits		68,560	25,522
		2,319,089	2,838,739
Non-current			
Property, plant and equipment	7	3,630,370	2,975,930
		$ 5,949,459	$ 5,814,669
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9, 11	$ 588,522	$ 166,837
		588,522	166,837
SHAREHOLDERS' EQUITY			
Share capital	8	11,178,616	7,857,909
Reserves	8	2,684,930	1,486,654
Deficit		(8,502,609)	(3,696,731)
		5,360,937	5,647,832
		$ 5,949,459	$ 5,814,669

Nature of operations and going concern (Note 1)
Contingencies and commitments (Note 11)
Events after the reporting period (Note 16)

These consolidated financial statements are authorized for issue by the Board of Directors on March 12, 2019.

On behalf of the Board of Directors:

Director "Harry McWatters" *Director "Jay Garnett"*

See accompanying notes to the condensed consolidated interim financial statements

VIRIDIUM PACIFIC GROUP LTD.
(formerly Morro Bay Resources Ltd.)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Presented in Canadian Dollars)

	Note	For the year ended November 30, 2018	2017
Revenue			
Production sales		$ 771,938	$ -
Production cost of sales		(690,086)	-
Gross profit (loss) before fair value adjustments		81,852	-
Unrealized gain on change of fair value of biological assets	6	142,620	-
Gross profit (loss)		224,472	-
Expenses			
Amortization		5,103	8,856
Facility costs		124,622	-
General and administrative		1,001,428	975,073
Professional fees		543,781	225,668
Salaries and wages		576,703	31,374
Sales and marketing		378,002	92,414
Share-based compensation		2,400,711	603,557
		5,030,350	1,936,942
Loss from operations before other items		(4,805,878)	(1,936,942)
Interest income		-	2,610
Interest expense		-	(19,978)
Reverse takeover listing expense		-	(1,652,137)
		-	(1,669,505)
Total comprehensive loss for the year		$ (4,805,878)	$ (3,606,447)
Basic and diluted loss per share		$ (0.10)	$ (0.28)
Weighted average number of common shares outstanding		47,600,360	12,918,861

See accompanying notes to the consolidated financial statements

VIRIDIUM PACIFIC GROUP LTD.
(formerly Morro Bay Resources Ltd.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian Dollars)

			Reserves				
	Number of shares	**Share capital**	**Warrants**	**Agent's Options**	**Share-based compensation**	**Deficit**	**Total shareholders' equity**
Balance as at November 30, 2016	11,466,667	$ 1,110,000	$ -	$ -	$ -	$ (92,784)	$ 1,017,216
Private placement - April 28, 2017	1,866,666	1,400,000	-	-	-	-	1,400,000
Purchase and cancellation of common shares	(2,500,000)	(2,500)	-	-	-	2,500	-
Reverse takeover share split	23,102,424	-	-	-	-	-	-
Reverse takeover shares issued	3,386,539	1,557,521	-	-	-	-	1,557,521
Shares and warrants to purchase convertible debentures	1,771,962	855,857	207,320	-	-	-	1,063,177
Private placement - September 28, 2017	5,500,000	2,970,000	330,000	-	-	-	3,300,000
Agent's options - September 28, 2017	-	-	-	79,107	-	-	79,107
Private placement - November 14, 2017	986,111	285,873	305,694	-	-	-	591,567
Issuance costs	-	(318,842)	(41,889)	-	-	-	(360,731)
Share-based compensation	-	-	-	-	606,422	-	606,422
Net loss and comprehensive loss	-	-	-	-	-	(3,606,447)	(3,606,447)
Balance as at November 30, 2017	45,580,369	7,857,909	801,125	79,107	606,422	(3,696,731)	5,647,832
Warrants and agent's options exercised	2,581,850	2,552,840	(479,412)	(78,745)	-	-	1,994,683
Shares issued in lieu of settlement fee	44,118	37,500	-	-	-	-	37,500
Share-based compensation	1,114,038	730,367	-	-	1,756,433	-	2,486,800
Net loss and comprehensive loss	-	-	-	-	-	(4,805,878)	(4,805,878)
Balance as at November 30, 2018	**49,320,375**	**$ 11,178,616**	**$ 321,713**	**$ 362**	**$ 2,362,855**	**$(8,502,609)**	**$ 5,360,937**

See accompanying notes to the consolidated financial statements

VIRIDIUM PACIFIC GROUP LTD.
(formerly Morro Bay Resources Ltd.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars)

		For the year ended November 30,	
Cash provided by (used for):	**Note**	**2018**	**2017**
Operating activities			
Net loss		$ (4,805,878)	$ (3,606,447)
Items not involving cash:			
Amortization		5,103	8,856
Share-based compensation		2,400,711	603,557
Share-based compensation included in cost of sales		86,089	
Reverse takeover listing expense		-	1,652,137
Unrealized gain on change of fair value of biological assets		(142,620)	-
Settlement fee paid in lieu of common shares		37,500	150,000
Changes in non-cash working capital items:			
Amounts receivable		(8,102)	(175,269)
Subscription receivable			-
Inventory		(65,739)	-
Biological assets		(51,947)	-
Prepaid expenses and deposits		(43,038)	(16,624)
Accounts payable and accrued liabilities		421,685	(210,334)
Cash used in operating activities		(2,166,236)	(1,594,124)
Investing activities			
Purchase of property, plant and equipment	7	(817,604)	(2,733,021)
Cash acquired in reverse takeover		-	902
Cash used in investing activities		(817,604)	(2,732,119)
Financing activities			
Issuance of common shares	8	1,994,683	5,009,943
Issuance of convertible debenture		-	906,000
Share subscription receivables		-	100,000
Cash provided by financing activities		1,994,683	6,015,943
Net decrease in cash and cash equivalents		(989,158)	1,689,700
Cash and cash equivalents - beginning of the year		2,597,108	907,408
Cash and cash equivalents - end of the year		$ 1,607,950	$ 2,597,108
Components of cash and cash equivalents			
Cash		$ 1,607,950	$ 2,597,108
		$ 1,607,950	$ 2,597,108

Supplemental disclosure with respect to cash flows (Note 10)

See accompanying notes to the consolidated financial statements

1. NATURE OF BUSINESS AND GOING CONCERN

Viridium Pacific Group Ltd. (formerly Morro Bay Resources Ltd.) is a publicly traded corporation, incorporated in Canada, with its head office located at 12556 Stave Lake Road, Mission, British Columbia, and with its common shares listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol "VIR".

The consolidated financial statements as at and for the year ended November 30, 2018 include Viridium Pacific Group Ltd. and its wholly-owned subsidiaries (together referred to as the "Company"). The Company's wholly-owned subsidiaries include Experion Biotechnologies Inc. ("Experion"), Fish Trap Ventures Ltd. ("Fish Trap") and Stave Lake Services Ltd. ("Stave Lake"). Experion is a licensed producer and seller of medical cannabis in Canada. The principal activity of Experion is the production, possession and selling of medical cannabis as regulated by the Access to Cannabis for Medical Purposes Regulations ("ACMPR"). On August 18, 2017, Experion received its license to produce medical cannabis and on August 17, 2018, Experion received its license to sell and ship medical cannabis. The principal activity of Fish Trap is the ownership of land and leasing of land to Experion. The principal activity of Stave Lake is the hiring of personnel and providing contract services to Experion.

On September 28, 2017, Experion completed a reverse takeover of Morro Bay Resources Ltd. ("Morro Bay"). For accounting purposes, Experion was identified as the acquirer in the transaction. Morro Bay was not carrying on a business and therefore the transaction was accounted for as the reverse takeover that is not a business combination and the acquisition of a stock exchange listing (see Note 3). Accounting for the transaction includes the carry forward of the assets, liabilities and operations of Experion at their historical carrying value and the elimination of the shareholders' deficit of Morro Bay. The resulting listing expense consisting of the value of the dilution to Experion shareholders plus net monetary liabilities assumed, has been charged to income for the period. On September 28, 2017 Morro Bay changed its name to Viridium Pacific Group Ltd. ("Viridium") and Experion became a wholly-owned subsidiary of Viridium. Viridium does not engage in any U.S. cannabis-related activities as defined in Canadian Securities Administrators Staff Notice 51-352.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

During the year ended November 30, 2018, the Company generated revenue of $771,938 (November 30, 2017 – Nil) and incurred a net loss and comprehensive loss of $4,805,878 (November 30, 2017 - $3,606,447). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing, as the Company only recently generated revenue.

Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. The Company has incurred significant operating losses since inception and has significant cash requirements to meet its overhead and maintain its cannabis operations. As is common with development stage companies in the medical cannabis industry, these conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

1. NATURE OF BUSINESS AND GOING CONCERN *(Continued)*

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. Consequently, adjustments would then be necessary to the carrying value of assets and liabilities, the expenses and the balance sheet classifications used. Such adjustments could be material.

2. BASIS OF PRESENTATION

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the November 30, 2018 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 9 (Amended 2010) Financial Instruments (effective January 1, 2018)

  Under IFRS 9, financial assets are required to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  IFRS 9 provides a three-stage expected credit loss model for calculating impairment for financial assets. Expected credit losses are required to be recognized when financial instruments are initially recognized and the amount of expected credit losses recognized are required to be updated at each reporting date to reflect changes in the credit risk of the financial instruments.

  On initial recognition, IFRS 9 requires financial liabilities to be classified as subsequently measured at amortized cost except for when one of the specified exceptions applies.

- IFRS 15 Revenue from Contracts with Customers (effective January 1, 2018)

  IFRS 15 Revenue from Contracts with Customers contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

2. BASIS OF PRESENTATION *(Continued)*

- IFRS 16 Leases (effective January 1, 2019)

  Under IFRS 16, virtually all leases are required to be accounted for as finance leases rather than operating leases, where the required lease payments are disclosed as a commitment in the notes to the financial statements. As a result, the company will be required to recognize leased assets ("right-of-use" assets) and the related lease liability on the statement of financial position.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS

The policies applied in these consolidated financial statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all the following:
(a) Power over the investee
(b) Exposure, or rights, to variable returns from its involvement with the investee; and
(c) the ability to use its power over the investee to affect the amount of the investor's returns

The table below lists the Company's subsidiaries and investments in affiliates and the ownership interests in each:

Subsidiary	% Ownership	Accounting Method
Experion Biotechnologies Inc.	100%	Consolidation
Fish Trap Ventures Ltd.	100%	Consolidation
Stave Lake Services Ltd.	100%	Consolidation

Intercompany balances and transactions are eliminated in preparing the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS *(Continued)*

Foreign currency

All figures presented in the consolidated financial statements and tabular disclosures to the consolidated financial statements are reflected in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

Foreign currency transactions are translated into Canadian dollars at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Canadian dollars at the foreign exchange rate applicable at that date. Realized and unrealized exchange gains and losses are recognized through profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Use of estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Revenue recognition

Revenue is recognized at the fair value of consideration received or receivable. Revenue from the sale of goods is recognized when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. Significant risks and rewards are generally considered to be transferred when the Company has delivered the product to customers.

3. SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS *(Continued)*

Biological assets

Accounting policy
The Company's biological assets consist of cannabis plants and are valued using the income approach. Production costs are capitalized to biological assets and include all direct and indirect costs relating to biological transformation. The Company measures and adjusts the biological assets to the fair value less cost to sell up to the point of harvest, which becomes the basis for the cost of finished goods inventories after harvest. Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are included in the results of operations for the related period.

Significant judgement
Determination of the fair values of the biological assets requires the Company to make assumptions about how market participants assign fair values to these assets. These assumptions primarily relate to the level of effort required to bring the cannabis up to the point of harvest, costs to covert the harvested cannabis to finished goods, sale price, risk of loss, expected future yields from the cannabis plants and estimating values during the growth cycle. The average grow cycle of plants up to the point of harvest is approximately twelve weeks.

Inventory

Accounting policy
Inventories of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell at harvest which becomes the deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that the cost is less than net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis. Products for resale and supplies and consumables are valued at lower of cost and net realizable value. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory are written-down to net realizable value.

Significant judgement
The valuation of biological assets at the point of harvest is the cost basis for all cannabis-based inventory and thus any critical estimates and judgements related to the valuation of biological assets are also applicable for inventory. The valuation of work-in-process and finished goods also requires the estimate of conversion costs incurred, which become part of the carrying amount for the inventory. The Company must also determine if the cost of any inventory exceeds its net realizable value, such as cases where prices have decreased, or inventory has spoiled or has otherwise been damaged.

3. SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS *(Continued)*

Property, plant and equipment

Accounting policy
Property, plant and equipment is measured at cost less accumulated depreciation, residual values and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for the intended use and borrowing costs on qualifying assets. During their construction, items of property, plant and equipment are classified as construction in progress. When the asset is available for use, it is transferred from construction in progress to the appropriate category of property, plant and equipment and depreciation on the item commences.

Depreciation is calculated on a straight line basis:

Building	20 years straight line
Production equipment	4 years straight line
Computer hardware	3 years straight line
Computer software	3 years straight line
Office equipment	5 years straight line

An asset's residual value, useful life and depreciation method are reviewed at each financial period-end and adjusted if appropriate.

Gains and losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognized in profit or loss.

Impairment of property, plant and equipment
The Company assesses impairment on property, plant and equipment when an indication of impairment occurs, such as evidence of obsolescence or physical damage. In assessing impairment, the Company compares the carrying amount to the recoverable amount which is determined as the higher of the asset's fair values less costs of disposal and its value in use. Value in use is assessed based on the estimated future cash flows, discounted to their present value using a pre-tax discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognized whenever the carrying amount of the asset exceeds its recoverable amount and is recorded in the statements of comprehensive income (loss).

Significant judgement
Depreciation of property, plant and equipment is dependent upon estimates of useful lives and residual values which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

3. SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS *(Continued)*

Share-based compensation

Accounting policy
The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For share-based payments granted to non-employees, the compensation expense is measured at the fair value of the good and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of share-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share based compensation is transferred from share-based compensation reserve to share capital.

The Company operates an equity-settled, restricted share unit plan, under which the Company pays equity instruments of the Company as consideration in exchange for employee services. The plan is also open to certain directors and consultants of the Company. The fair value of the grant of the restricted share unit is recognized as a share-based compensation expense.

Fair value of stock options and restricted share units

Significant judgement
Determining the fair value of stock options and restricted share units on the grant date requires judgment related to the choice of a pricing model, the estimation of stock price volatility and expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's reported operating results or shareholders' equity. The key estimates used by management are the stock price volatility based on the Company's historical share price, expected life of the options, share price and expected timing of performance criteria.

Unit equity financings

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The allocated value of the share component is credited to share capital and the allocated value of the warrant component is credited to warrants in the consolidated statement of changes in shareholders' equity. Upon exercise of the warrants, consideration paid by the warrant holder, together with the amount previously recognized in warrants, is recorded as an increase to share capital. Upon expiration of warrants, the amount applicable to expired warrants is recorded as an increase to other reserves.

3. SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS *(Continued)*

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the related asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS *(Continued)*

Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which comprise warrants and share options issued.

Financial Instruments

Financial Assets

The Company initially recognizes financial assets at fair value on the date that they are originated. All financial assets (including assets designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company classifies its financial assets as financial assets at fair value through profit or loss, available for sale (“AFS”) or loans and receivables. A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company’s documented risk management or investment strategy. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables or financial assets at fair value through profit or loss. AFS financial assets are stated at fair value at the end of each reporting period. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in OCI is reclassified to profit or loss. AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS *(Continued)*

Financial Instruments *(Continued)*

Financial Liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or other financial liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities at fair value are stated at fair value with changes being recognized in profit or loss.

Classification of Financial Instruments

The Company classifies its financial assets and financial liabilities depending on the purpose for which the financial instruments were acquired, their characteristics, and management intent as outlined below:

	Classification
Cash and cash equivalents	Loans and receivable
Amounts receivable	Loans and receivable
Accounts payable and accrued liabilities	Other financial liabilities

Impairment of Financial Assets

Financial assets, other than those classified at fair value through profit or loss, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation, including:

- classification of certain expense categories by grouping certain accounts together and there is no impact to the overall loss from operations;
- classification of certain categories in the statement of financial position by grouping certain accounts together and there is no impact to the overall current assets' and current liabilities' totals; and
- classification of certain items under operating activities and financing activities in the statement of cash flow due to the reclassification in the statement of financial position, resulting in cash used in operating activities being $1,594,124 (as opposed to $1,460,514) and cash provided by financing activities being $6,015,943 (as opposed to $5,882,333).

4. REVERSE TAKEOVER

Effective September 28, 2017, Viridium acquired 100% of the issued and outstanding common shares of Experion in exchange for 34,437,979 common post-consolidation common shares of the Company. Each Experion shareholder received 3.13 shares of Viridium. The common shares acquired by Experion shareholders is comprised of 33,935,757 common shares issued from the treasury of Viridium and 502,222 common shares acquired directly from shareholders of Viridium. The resulting post-reverse takeover and post concurrent financing issued and outstanding common shares amounted to 42,822,296 consisting of: (i) Viridium shareholders 2,884,317 common shares, which excludes the 502,222 common shares acquired by Experion shareholders; (ii) Experion shareholders 34,437,979 common shares, which includes the 502,222 acquired from Viridium shareholders; and (iii) other shareholders 5,500,000 common shares. As a result of these share issuances, the shareholders of Experion obtained 80% of the post-consolidation common shares of Viridium and, consequently, control of Viridium.

Upon closing of the transaction, among other things, the Company:

- Issued 5,500,000 common shares and 2,750,000 common share purchase warrants in a $3,300,000 private placement.
- Issued 535,505 common share purchase options and warrants as a finance fee for the private placement.
- Issued 1,771,962 common shares and 1,771,962 common share purchase warrants in consideration of the purchase of Experion interest bearing convertible debentures.
- Morro Bay Resources Ltd. changed its name to Viridium Pacific Group Ltd.

The substance of the transaction is a reverse takeover of the non-operating company (Viridium) and no goodwill or intangible asset representing the stock exchange listing has been recorded. The transaction does not constitute a business combination as Viridium does not meet the definition of a business combination under IFRS 3. As a result, the transaction was recorded by the Company as a reverse takeover that is not a business combination with a recognition of a listing expense which represents the difference between the fair value of the Experion common shares to the Viridium shareholders plus the fair value of the Viridium net liabilities. Experion has been identified as the accounting acquirer, and Viridium, the legal parent. As Experion was deemed to be the acquirer for accounting purposes, its assets, liabilities, and operations since incorporation are included in these consolidated financial statements at their historical carrying value. Viridium's results of operations have been included from September 28, 2017, the date of the completion of the transaction.

The amount assigned to listing expense of $1,652,137 is the sum of the fair value of the consideration and the net liabilities of Viridium deemed assumed by Experion and included in the deficit of the Company.

The fair value of the consideration of the transaction includes the fair value of the 2,884,298 common shares issued to the Company's shareholders, and was estimated to be $1,557,521 based on the value per common share in the private placement that closed concurrently with the closing of the transaction and the fair value of 24,975 options issued to the Company's pre-transaction option holders. The fair value of the options was estimated to be $2,865 and was determined using the Black-Scholes option pricing model with the following assumptions: a common share price of $0.54, a weighted average risk free rate of 1.62%, an expected volatility of 100%, an expected yield rate of nil and a weighted average expected life of 2.57 years.

(Presented in Canadian Dollars)

4. REVERSE TAKEOVER *(Continued)*

The allocation of the fair value transferred is as follows:

Consideration	
Value of common shares issued	$ 1,557,521
Value of options deemed issued to former option holders of Viridium	$ 2,865
Total fair value of consideration	$1,560,836
Net liabilities assumed	$ 91,751
Reverse takeover listing expense	$ 1,652,137

5. AMOUNTS RECEIVABLE

The Company's amounts receivable consists of trade accounts receivable and goods and services tax ("GST") receivable. The breakdown of the amounts receivable balance was as follows:

	2018	2017
GST receivable	$ 3,299	$ 156,227
Accounts receivable	220,912	34,124
	$ 224,211	$ 190,351

(Presented in Canadian Dollars)

6. BIOLOGICAL ASSETS AND INVENTORY

The Company's biological assets consist of 1,235 cannabis plants as at November 30, 2018. The continuity of biological assets is as follows:

	2018	2017
Opening balance	$ -	$ -
Add:		
Purchases of genetic material	51,948	-
Pre harvest production cost capitalized	612,288	-
Fair value less cost to sell due to biological asset transformation	142,620	-
Less:		
Harvested amounts transferred out to inventory	(669,728)	-
	$ 137,128	$ -

All biological assets are considered current. The fair value of biological assets is categorized within Level 3 on the fair value hierarchy. The significant assumptions used in determining the fair value of the cannabis are as follows:

i. Stage of completion;
ii. Yield by strain (actual yields used for these financial statements);
iii. Estimated selling prices and costs of harvest and completion; and
iv. Cost to complete the cannabis post-harvest and cost to sell.

The Company's estimates are, by nature subject to change. Changes in the underlying assumptions will be reflected in future changes in the gain/loss of biological assets.

Significant unobservable assumptions used in the valuation of biological assets, including the sensitivities on changes in these assumptions and their effect on the fair value of biological assets, are as follows:

Significant inputs and assumptions	Range of inputs	Sensitivity	Effect on fair value November 30, 2018	Effect on fair value November 30, 2017
Selling price per gram	$4.50 (1)	Change by $1.00 per gram	$ 39,923	$ -
Average yield per plant	100 grams to 125 grams	Change by 5 grams per plant	$ 4,806	$ -

(1) The selling price is based on the average sales price for the period.

As of November 30, 2018, the weighted average fair value less cost to complete and cost to sell was $2.70 per gram (2017 – not applicable) and the biological assets were on average 59% complete (2017 – not applicable). During the year ended November 30, 2018, the Company's biological assets produced 248,039 grams of dried cannabis (2017 – not applicable). As of November 30, 2018, it was expected that the Company's biological assets would yield approximately 68,500 grams (2017 – not applicable) of cannabis when harvested.

(Presented in Canadian Dollars)

6. BIOLOGICAL ASSETS AND INVENTORY *(Continued)*

As at November 30, 2018, included in the carrying amount of inventory is 66,253 grams of dry cannabis (November 30, 2017 – nil) value at $264,283 that has been quality assured and is awaiting release for sale. Inventory was comprised of the following items:

	2018	2017
Harvested cannabis	$ 264,283	$ -
Supplies and consumables	16,957	-
Carrying amount	$ 281,240	$ -

7. PROPERTY, PLANT AND EQUIPMENT

A continuity of property, plant and equipment for the years ended November 30, 2018 and 2017 is as follows:

	Land	Building	Production equipment	Computer hardware	Computer software	Office equipment	Total
Cost							
As at November 30, 2016	$ -	$ 251,765	$ -	$ -	$ -	$ -	$ 251,765
Additions during the year	1,018,900	1,540,194	96,864	47,153	12,082	17,828	2,733,021
As at November 30, 2017	1,018,900	1,791,959	96,864	47,153	12,082	17,828	2,984,786
Additions during the year	-	610,370	177,422	19,382	-	10,430	817,604
As at November 30, 2018	$ 1,018,900	$ 2,402,329	$ 274,286	$ 66,535	$ 12,082	$ 28,258	$ 3,802,390
Accumulated amortization							
As at November 30, 2016	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amortization for the year	-	-	-	7,073	-	1,783	8,856
As at November 30, 2017	-	-	-	7,073	-	1,783	8,856
Amortization for the year	-	95,452	40,127	18,949	4,027	4,609	163,164
As at November 30, 2018	$ -	$ 95,452	$ 40,127	$ 26,022	$ 4,027	$ 6,392	$ 172,020
Net book value							
As at November 30, 2017	$ 1,018,900	$ 1,791,959	$ 96,864	$ 40,080	$ 12,082	$ 16,045	$ 2,975,930
As at November 30, 2018	$ 1,018,900	$ 2,306,877	$ 234,159	$ 40,513	$ 8,055	$ 21,866	$ 3,630,370

The Company began utilizing the building, production equipment and computer software for commercial purposes on January 1, 2018. A total of $376,212 phase 2 site improvements are included in the building but it has not being amortized until the asset is available for use.

8. SHARE CAPITAL

a) Authorized:

Unlimited number of common voting shares.
Unlimited number of preferred shares, without nominal or par value.

b) Issued:

During the year ended November 30, 2017, the Company:

i) On April 28, 2017 the Company completed a private placement of 1,866,666 common shares (5,847,390 common shares on a post reverse takeover basis) for gross proceeds of $1,400,000. The offering price was $0.75 per common share ($0.24 per common share on a post reverse takeover basis). No share issuance costs were incurred with the offering.

ii) On September 28, 2017 and concurrent with the reverse takeover, the Company completed a private placement of 5,500,000 common share units (the "Units"), which included an over-allotment of 500,000 Units for gross proceeds of $3,300,000. Each Unit consisted of one common share and one-half common share purchase warrant, exercisable at $0.80 per common share and expiring June 27, 2018. The relative fair value of the warrants was estimated to be $330,000 and was determined using the Black-Scholes option pricing model with the following assumptions: common share price of $0.54, a risk free rate of 1.295%, an expected volatility of 100%, an expected yield rate of nil and an expected life of 0.75 years. Cash share issuance costs of $267,668 were incurred and were allocated against share capital ($240,900) and share capital warrant reserve ($26,768) based on the relative fair value. Non cash share issuance costs included the issuance of 355,670 broker options with an exercise price of $0.60 per broker option. Each broker option is exercisable into a Unit having the same terms as the private placement. The broker options and warrants expire June 27, 2018. The fair value of broker options and warrants associated with the broker options was estimated to be $79,107 and was determined using the Black-Scholes option pricing model with the following assumptions: common share price of $0.54, a risk free rate of 1.295%, an expected volatility of 100%, an expected yield rate of nil and an expected life of 0.75 years. The non-cash share issuance costs were allocated against share capital ($71,196) and share capital warrant reserve ($7,911) based on relative fair value.

On September 28, 2017 and concurrent with the reverse takeover, the Company issued 1,771,962 common share units at a price of $0.60 per unit (total consideration of $1,063,177) for the purchase of 100% of the issued Experion convertible debentures having a face value of $1,056,000 plus accrued interest. Each common share unit issued consisted of one common share and one common share purchase warrant having an exercise price of $0.80 and expiring on June 27, 2018. The fair value of the warrants was estimated to be $207,320 and was determined using the Black-Scholes option pricing model with the following assumptions: common share price of $0.54, a risk free rate of 1.295%, an expected volatility of 100%, an expected yield rate of nil and an expected life of 0.75 years.

On September 28, 2017 and concurrent with the reverse takeover, Experion purchased 2,500,000 (pre reverse takeover common shares) of its previously issued common shares from Northern Vine Canada Inc. ("Northern Vine"). This transaction was a non cash transaction with Experion exchanging its investment in Northern Vine for Northern Vine's investment in Experion. Experion issued common shares to Northern Vine on April 14, 2014 for proceeds of $2,500. The common shares issued have been cancelled and a $2,500 reduction in share capital and deficit has been recorded.

8. SHARE CAPITAL *(Continued)*

b) Issued: *(Continued)*

iii) On November 14, 2017, the Company completed a private placement of 986,111 common share units for gross proceeds of $591,567. Each common share unit consisted of one common share and one-half common share purchase warrant, exercisable at $0.80 per common share and expiring June 27, 2018. The relative fair value of the warrants was estimated to be $305,694 and was determined using the Black-Scholes option pricing model with the following assumptions: common share price of $1.29, a risk free rate of 1.05%, an expected volatility of 100%, an expected yield rate of nil and an expected life of 0.62 years. Cash share issuance costs of $13,956 were incurred and were allocated against share capital ($6,746) and share capital warrant reserve ($7,210) based on relative fair value.

During the year ended November 30, 2018, the Company:

iv) On April 4, 2018, the Company issued 44,118 common shares at $0.85 per common share for a fair value of $37,500 in lieu of settlement fee.

v) Issued a total of 2,581,850 common shares upon the exercise of 2,227,860 common share purchase warrants at $0.80 per warrant and 353,990 finder's options at $0.60 per finder's option for total proceeds of $1,994,683.

vi) Issued 1,114,038 common shares at a deemed value of $730,367 pursuant to the Restricted Share Unit Plan to its consultants and director.

(Presented in Canadian Dollars)

8. SHARE CAPITAL *(Continued)*

c) Warrants

The continuity of warrants for the year ended November 30, 2018 is as follows:

Expiry date	Exercise price ($)	November 30, 2016	Issued	Exercised	November 30, 2017	Issued [a]	Exercised	Expired	November 30, 2018
June 27, 2018	0.80	-	2,750,000	-	2,750,000	176,996	(1,715,020)	(1,211,976)	-
June 27, 2018	0.80	-	493,056	-	493,056	-	(462,500)	(30,556)	-
June 27, 2018	0.80	-	1,771,962	-	1,771,962	-	(50,340)	(1,721,622)	-
Warrants outstanding		-	5,015,018	-	5,015,018	176,996	(2,227,860)	(2,964,154)	-
Weighted average exercise price ($)		$ -	$ 0.80	$ -	$ 0.80	$ 0.80	$ 0.80	$ 0.80	n/a

[a] Warrants were issued as a result of the exercise of Finder's Options.

As at November 30, 2018, the weighted average contractual remaining life of warrants is nil (November 30, 2017 – 0.58 years).

The weighted average assumptions used to estimate the fair value of warrants for the years ended November 30, 2018 and 2017 were as follows:

	2018	2017
Risk-free interest rate	0.00%	1.05-1.295%
Expected stock price volatility	0.00%	100.00%
Expected option life in years	Nil	0.62 to 0.75 years
Expected dividend in yield	Nil	Nil
Forfeiture rate	Nil	Nil

(Presented in Canadian Dollars)

8. SHARE CAPITAL *(Continued)*

d) Finder's Options

The continuity of finder's options for the year ended November 30, 2018 is as follows:

Expiry date	Exercise price ($)	November 30, 2016	Issued	Exercised	November 30, 2017	Issued	Exercised	Expired	November 30, 2018
June 27, 2018 [(a)]	0.60	-	355,670	-	355,670	-	(353,990)	(1,680)	-
Finder's Options outstanding		-	355,670	-	355,670	-	(353,990)	(1,680)	-
Weighted average exercise price ($)		$ -	$ 0.60	$ -	$ 0.60	$ -	$ 0.60	$ 0.60	n/a

[(a)] Each finder's option is exercisable into one common share and a half warrant. Each full warrant is exercisable at $0.80 until June 27, 2018.

As at November 30, 2018, the weighted average contractual remaining life of finder's options is nil (November 30, 2017 – 0.58 years).

The weighted average assumptions used to estimate the fair value of finder's options for the years ended November 30, 2018 and 2017 were as follows:

	2018	2017
Risk-free interest rate	0.00%	1.295%
Expected stock price volatility	0.00%	100.00%
Expected option life in years	Nil	0.75 years
Expected dividend in yield	Nil	Nil
Forfeiture rate	Nil	Nil

e) Share-Based Compensation

The Company has a Stock Option Plan that is administered by the Board of Directors of the Company who establish the number of options granted, exercise prices, at not less than market price at the date of grant, expiry dates, and vesting conditions. The Company also has a Restricted Share Unit Plan that is administered by the Board of Directors of the Company who establish the number of restricted share units ("RSUs") granted, expiry dates and vesting conditions. RSUs have no exercise price. The maximum number of common shares reserved for issuance for options and RSUs that may be granted under the plan is 10% of the common shares outstanding, which amounts to 4,932,037 at November 30, 2018. The vesting terms on the issued options and RSUs can vary based on the following:

i) Upon a specified future date – service condition;
ii) At the discretion of the Compensation Committee;
iii) Upon receipt of a license to sell pursuant to the ACMPR – non-market performance condition;
iv) 1/365th per day, during the employment period – service condition;
v) Volume weighted average trading price over a period of trading days prior to the grant.

(Presented in Canadian Dollars)

8. SHARE CAPITAL *(Continued)*

e) Share-Based Compensation *(Continued)*

The continuity of options for the year ended November 30, 2018 is as follows:

Expiry date	Exercise price ($)	November 30, 2016	Granted	Expired / forfeited	November 30, 2017	Granted	Expired / forfeited	November 30, 2018
June 30, 2018	1.80	8,325	-	-	8,325	-	(8,325)	-
October 6, 2019	0.60	-	600,000	(75,000)	525,000	-	-	525,000
December 1, 2019	1.31	-	-	-	-	50,000	-	50,000
March 21, 2020	0.94	-	-	-	-	75,000	-	75,000
March 23, 2020	3.60	8,325	-	-	8,325	-	-	8,325
March 23, 2020	7.21	8,325	-	-	8,325	-	-	8,325
October 23, 2020	0.91	-	-	-	-	250,000	-	250,000
June 14, 2021	0.91	-	-	-	-	110,000	-	110,000
June 21, 2021	0.81	-	-	-	-	1,149,250	-	1,149,250
October 11, 2021	0.89	-	-	-	-	561,797	-	561,797
October 23, 2021	0.91	-	-	-	-	199,625	-	199,625
October 6, 2022	0.60	-	750,000	-	750,000	-	-	750,000
Options outstanding		24,975	1,350,000	(75,000)	1,299,975	2,395,672	(8,325)	3,687,322
Options exercisable		24,975	-	-	699,975	1,944,008	-	3,273,159
Weighted average exercise price ($)		$ 4.20	$ 0.60	$ 0.60	$ 0.67	$ 0.87	$ 1.80	$ 0.79

[a] Subsequently, 149,625 options expired.

As at November 30, 2018, the weighted average contractual remaining life of options is 2.55 years (November 30, 2017 – 3.60 years).

The assumptions used to estimate the fair value of options for the years ended November 30, 2018 and 2017 were as follows:

	2018	2017
Risk-free interest rate	1.82-2.28%	1.46-1.70%
Expected stock price volatility	119.39-124.81%	100.00%
Expected option life in years	1.5 to 3 years	2 to 5 years
Expected dividend in yield	Nil	Nil
Forfeiture rate	Nil	Nil

(Presented in Canadian Dollars)

8. SHARE CAPITAL *(Continued)*

e) Share-Based Compensation *(Continued)*

The continuity of RSUs for the year ended November 30, 2018 is as follows:

Expiry date	Deemed price ($)	November 30, 2016	Granted	Cancelled	November 30, 2017	Granted	Cancelled	Vested and Converted into shares	November 30, 2018	
June 21, 2018	0.81	-	-	-	-	349,625	-	(349,625)	-	
October 6, 2018	0.54	-	2,721,375	(774,000)	1,947,375	-	(1,149,250)	(648,500)	149,625	[a]
October 23, 2018	0.91	-	-	-	-	40,913		(40,913)	-	
December 1, 2018	0.84	-	-	-	-	50,000	-	(50,000)	-	
December 31, 2019	0.94	-	-	-	-	75,000	-	(25,000)	50,000	
RSUs outstanding		-	2,721,375	(774,000)	1,947,375	515,538	(1,149,250)	(1,114,038)	199,625	
RSUs vested		-	-	-	-	465,538	-	-	149,625	

[a] Subsequently, 149,625 RSUs forfeited.

As at November 30, 2018, the weighted average contractual remaining life of RSUs is 0.26 years (November 30, 2017 – 0.83 years).

f) Escrow shares

21,167,581 shares were placed in escrow in accordance with the escrow agreement dated September 25, 2017. 10% of the escrowed common shares were released on October 6, 2017 and 15% will be released thereafter every 6 months. As of November 30, 2018, there were 12,700,549 common shares (November 30, 2017 – 19,050,823) held at escrow.

There were another 2,117,591 shares placed in escrow in accordance with another escrow agreement dated September 25, 2017. 5% of the escrowed common shares were released on October 6, 2017 and another 5% on April 6, 2018. The remaining 90% will be released as follows: 10% on October 6, 2018; 10% on April 6, 2019; 15% on October 6, 2019, 15% on April 6, 2020 and the rest of 40% will be released on October 6, 2020. As of November 30, 2018, there were 1,694,072 common shares (November 30, 2017 – 2,011,711) held at escrow. See note 16(d).

(Presented in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consist of the Company's executive management team and management directors.

	2018	2017
Management compensation (2)	$ 760,652	$ 328,000
Directors' fees	19,500	2,500
Share-based payments (1)	1,786,096	497,112
	$ 2,566,248	$ 827,612

(1) Share-based payments are the fair value of options and RSUs granted and vested to key management personnel and directors of the Company under the Company's stock option plan and RSU plan.

(2) Includes an accrual amount of $239,544 related to an officer for his past services (see note 11).

Certain officers' employment agreements have termination benefits and one officer is entitled to future committed payments (see Note 11).

(b) Goods and services

The Company incurred the following transactions with related parties during the year ended November 30, 2018:

	2018	2017
Consulting fees paid or payable to companies in which the officers of the Company have control over	$ 69,907	$ -
Operational fees paid or payable to companies owned by a director of the Company	59,365	-
	$ 129,272	$ -

(c) Related party balances

The following related party amounts were included in (i) amounts receivable, and (ii) accounts payable and accrued liabilities:

	2018	2017
(i) Former director (2)	$ 78,999	$ -
(i) Former officer (2)	24,944	-
(ii) Companies controlled by director and officer of the Company (1)	39,346	-

(1) The amounts are unsecured, non-interest bearing, have no specific repayment term and due on demand.

(2) The amounts are due on demand.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the year ended November 30, 2018 were as follows:

- The Company recorded $479,412 (2017 - $nil) as the fair value of the warrants exercised during the period.
- The Company recorded $78,745 (2017 - $nil) as the fair value of the agent's options exercised during the period.
- The Company recorded $730,367 (2017 - $nil) as the fair value of the RSUs exercised during the period.
- The Company recorded $158,061 (2017 - $nil) as the amortization amount which was capitalized as inventory as at the end of the period.

11. CONTINGENCIES AND COMMITMENTS

Viridium's predecessor Morro Bay Resources Ltd. ("Morro Bay") has been named in a legal action. Dundeal Canada (GP) Inc. is seeking damages of $167,781 (Alberta Court of Queen's Bench Action # 1601-14620) from Morro Bay and a company affiliated with the former Chief Executive Officer of Morro Bay, as a result of a sublease for office space. The litigation process will continue into the foreseeable future unless settled and no amount has been recorded in these consolidated financial statements as the plaintiff has not taken a step to move this matter forward since April 2017 and the matter had been dormant for close to two years.

The Company is committed to pay $316,997 to an officer over a period of five years; or immediately upon resignation or termination of his services. As of November 30, 2018, the Company included a net present value of $239,544 in the accrual liabilities.

12. FINANCIAL INSTRUMENTS

Foreign Currency Risk

As at November 30, 2018, less than 1% of the Company's financial assets are denominated in a currency other than Canadian dollars. The Company has very limited currency risk.

Interest Rate Risk

The Company's exposure to interest rate risk only relates to any investments of surplus cash. The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments.

12. FINANCIAL INSTRUMENTS *(Continued)*

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade accounts receivable. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The carrying amount of cash and cash equivalents, and amounts receivable represents the maximum exposure to credit risk and at November 30, 2018, this amounted to $1,832,161 (November 30, 2017 - $2,813,217). Since the inception of the Company, no losses have been suffered in relation to cash held by the bank.

At November 30, 2018, 52% of the receivables were from its customers and were outstanding for less than 30 days while at November 30, 2017, 82% of the receivables were from government agencies.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements. During the year ended November 30, 2018, the Company received $1,994,683 in proceeds from the exercise of warrants and finder's options; while during the year ended November 30, 2017, the Company completed several equity financings for gross cash proceeds of $5,291,567. The Company also completed a convertible debenture offering for cash proceeds of $906,000 and services of $150,000 in fiscal 2017.

In addition to the commitments disclosed in Note 11, the Company is obligated to the following contractual maturities of undiscounted cash flows, which are due within a year: Accounts payable and accrued liabilities $588,522 (November 30, 2017 - $166,837).

Fair Values

The carrying values of cash and cash equivalents and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

12. FINANCIAL INSTRUMENTS *(Continued)*

Fair Value Hierarchy

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the year, there were no transfers of amounts between levels.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Company's other financial instruments, including amounts receivable, accounts payable and accrued liabilities, and other liabilities are carried at cost which approximates fair value due to the relatively short maturity of those instruments.

13. SEGMENTED INFORMATION

The Company operates in one segment, the production and sale of medical cannabis. All property, plant and equipment are located in Canada.

14. CAPITAL MANAGEMENT

The Company's objective is to maintain sufficient capital base so as to maintain investor, creditor and customer confidence and to sustain future development of the business and provide the ability to continue as a going concern. Management defines capital as the Company's shareholders' equity and debt. The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable profitable growth. The Company currently has not paid any dividends to its shareholders.

As at November 30, 2018 total managed capital was comprised of shareholders' equity and debt of $5,949,459 (November 30, 2017 - $5,814,669).

The Company's approach to capital management includes the maintenance of sufficient cash, cash equivalents and credit capacity to execute its business plan over the next fiscal year.

The Company is not subject to externally imposed restrictions.

(Presented in Canadian Dollars)

15.INCOME TAXES

The following table reconciles the income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended 2018 and 2017:

	2018	2017
Income (Loss) Before Taxes	$ (4,805,877)	$ (3,606,447)
Statutory tax rate	27.00%	27.00%
Expected income tax (recovery)	(1,297,587)	(973,741)
Share-based compensation	648,192	162,960
Reverse takeover listing expense	-	446,077
Change in tax rates	-	(92)
Taxable gain on disposition of investment	-	53,663
Share issuance costs	-	(15,208)
Other	155	3,411
Change in deferred tax asset not recognized	649,240	322,930
Total income tax expense (recovery)	$ -	$ -
Current tax expense (recovery)	-	-
Deferred tax expense (recovery)	-	-
	$ -	$ -

The statutory tax rate increased from 26% to 27% due to an increase in the BC corporate tax rate on January 1, 2018.

The deferred tax assets (liabilities) at November 30, 2018 and 2017 are as follows:

	2018	2017
Biological assets	$ (33,651)	$ -
Non capital loss carryforwards	33,651	-
Net deferred tax asset (liability)	$ -	$ -

The unrecognized deductible differences at November 30, 2018 and 2017 are as follows:

Canada	2018	2017
Non capital loss carryforwards	$ 3,695,449	$ 1,288,447
Property and equipment	169,136	-
Share issue costs	-	225,300
Financing costs	168,975	60,831
Total unrecognized deductible temporary differences	$ 4,033,560	$ 1,574,578

The Company has non capital loss carryforwards of approximately $3,695,449 (2017 - $1,288,447) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Year	Amount
2037	$ 1,273,062
2038	2,422,387
	$ 3,695,449

16. EVENTS AFTER THE REPORTING PERIOD

(a) On October 15, 2018, the Company announced that a private placement of 17,582,418 units at a price of $0.91 per unit to raise aggregate gross proceeds of $16-million. Under the terms of the financing, each unit comprises one common share and one non-transferable common share purchase warrant. Each warrant entitles the holder to acquire one common share for a period of 12 months following the closing of the offering at an exercise price of $1.14 per warrant share. The securities issued pursuant to the private placement will be subject to a standard 120-day hold period from the closing. The Company may pay a 7% finder's fee in cash and 7% finders' warrants to purchase common shares of the Company for 12 months at $0.91 in connection with the private placement, subject to compliance with the policies of the exchange. Completion of the private placement and the payment of any finders' fees remain subject to the receipt of all necessary regulatory approvals, including the approval of the TSX-V. On January 7, 2019, the Company withdrew its proposed private placement financing.

(b) On January 7, 2019, the Company announced that it entered into an amalgamation agreement (the “Amalgamation Agreement”) with EFX Laboratories Inc. (“EFX”) relating to the acquisition by Viridium of all the issued and outstanding class A voting shares in the capital of EFX (the “EFX Shares”) by way of an amalgamation of EFX and 2163903 Alberta Ltd., a wholly-owned subsidiary of Viridium, in accordance with the *Business Corporations Act* (Alberta) (the “Amalgamation”).

Pursuant to the Amalgamation Agreement, Viridium will acquire all of the issued and outstanding EFX Shares by the issuance of common shares in the capital of Viridium (the “Viridium Shares”), which will be issued on the basis of one Viridium Share for every 2.57 EFX Shares.

Upon completion of the Amalgamation, it is anticipated that the current holders of EFX Shares will hold approximately 48,172,257 Viridium Shares, representing approximately 49.41% of the outstanding Viridium Shares and the current holders of Viridium Shares will hold 49,320,375 Viridium Shares, representing approximately 50.59% of the outstanding Viridium Shares.

The Amalgamation is expected to constitute an arm’s length “reviewable transaction” as that term is defined by the TSX-V. The completion of the Amalgamation is subject to the satisfaction of a number of conditions, including but not limited to, TSX-V acceptance and EFX shareholder approval. As the Amalgamation is a three-cornered amalgamation, Viridium shareholder approval was not required. The Amalgamation closed on February 11, 2019 and the trading of the Viridium Shares on the TSX-V resumed on February 13, 2019.

(c) The Company issued 400,000 stock options to its officers and employees on February 13, 2019 at an exercise price of $0.78 for a period of three years, vesting immediately.

(d) The Company graduated from Tier 2 to Tier 1 of the TSX-V on February 25, 2019 and as a result, all escrow shares will be released on April 6, 2019.