VIRIDIUM PACIFIC GROUP LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2019 AND 2018

(UNAUDITED)

(IN CANADIAN DOLLARS)

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(Unaudited, presented in Canadian Dollars)

	Note	February 28, 2019	November 30, 2018
		(Unaudited)	(Audited)
ASSETS			
Current			
Cash and cash equivalents		$ 12,878,838	$ 1,607,950
Amounts receivable	5, 10	388,135	224,211
Inventory	6	242,101	281,240
Biological assets	6	182,711	137,128
Prepaid expenses and deposits		73,577	68,560
		13,765,362	2,319,089
Non-current			
Property, plant and equipment	7	5,223,251	3,630,370
Intangible assets and goodwill	3, 8	11,244,004	-
		$ 30,232,617	$ 5,949,459
LIABILITIES			
Current			
Accounts payable and accrued liabilities	10, 12	$ 1,339,489	$ 588,522
		1,339,489	588,522
SHAREHOLDERS' EQUITY			
Share capital	9	36,873,262	11,178,616
Reserves	9	3,381,518	2,684,930
Deficit		(11,361,652)	(8,502,609)
		28,893,128	5,360,937
		$ 30,232,617	$ 5,949,459

Nature of operations (Note 1)
Contingencies and commitments (Note 12)
Subsequent events (Note 16)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on April 24, 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.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE LOSS
THREE MONTHS ENDED FEBRUARY 2019 AND 2018
(Unaudited, presented in Canadian Dollars)

	Note	2019	2018
Revenue			
Production sales		$ 316,889	$ -
Production cost of sales		(432,679)	(60,176)
Gross profit (loss) before fair value adjustments		(115,790)	(60,176)
Unrealized gain on change of fair value of biological assets	6	27,390	-
Gross profit (loss)		(88,400)	(60,176)
Expenses			
Amortization		6,819	-
Facility costs		15,782	87,486
General and administrative		325,283	373,937
Professional fees (including aqusition costs)	3	1,771,192	65,514
Salaries and wages		292,562	90,924
Sales and marketing		111,821	15,415
Share-based compensation		268,038	479,858
		2,791,497	1,113,133
Loss from operations before other items		(2,879,897)	(1,173,309)
Interest income		20,854	-
Net loss before income taxes		(2,859,043)	(1,173,309)
Total comprehensive loss for the year		$ (2,859,043)	$ (1,173,309)
Basic and diluted loss per share		$ (0.05)	$ (0.03)
Weighted average number of common shares outstanding		58,653,900	45,756,186

See accompanying notes to the condensed consolidated interim financial statements

VIRIDIUM PACIFIC GROUP LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
THREE MONTHS ENDED FEBRUARY 2019 AND 2018
(Unaudited, 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, 2017	**(Audited)**	45,580,369	$ 7,857,909	$ 801,125	$ 79,107	$ 606,422	$ (3,696,731)	$ 5,647,832
Warrants exercised		318,750	293,250	(38,250)	-	-	-	255,000
Share-based compensation		174,625	101,797			378,061		479,858
Net loss and comprehensive loss		-	-	-	-	-	(1,173,309)	(1,173,309)
Balance as at February 28, 2018	**(Unaudited)**	46,073,744	8,252,956	762,875	79,107	984,483	(4,870,040)	5,209,381
Warrants and agent's options exercised		2,263,100	2,259,590	(441,162)	(78,745)	-	-	1,739,683
Shares issued in lieu of settlement fee		44,118	37,500	-	-	-	-	37,500
Share-based compensation		939,413	628,570	-	-	1,378,372	-	2,006,942
Net loss and comprehensive loss		-	-	-	-	-	(3,632,569)	(3,632,569)
Balance as at November 30, 2018	**(Audited)**	49,320,375	11,178,616	321,713	362	2,362,855	(8,502,609)	5,360,937
Acquisition of EFX		49,412,781	25,694,646	-	-	404,784	-	26,099,430
Share-based compensation		-	-	-	-	291,804	-	291,804
Net loss and comprehensive loss		-	-	-	-	-	(2,859,043)	(2,859,043)
Balance as at February 28, 2019	**(Unaudited)**	**98,733,156**	**$ 36,873,262**	**$ 321,713**	**$ 362**	**$ 3,059,443**	**$ (11,361,652)**	**$ 28,893,128**

See accompanying notes to the condensed consolidated interim financial statements

VIRIDIUM PACIFIC GROUP LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
THREE MONTHS ENDED FEBRUARY 2019 AND 2018
(Unaudited, presented in Canadian Dollars)

		For the three months ended February 28,	
Cash provided by (used for):	**Note**	**2019**	**2018**
Operating activities			
Net loss		$ (2,859,043)	$ (1,173,309)
Items not involving cash:			
Amortization		6,819	36,176
Share-based compensation		268,038	479,858
Share-based compensation included in cost of sales		23,766	-
Unrealized gain on change of fair value of biological assets		(27,390)	-
Changes in non-cash working capital items:			
Amounts receivable		(72,074)	113,584
Inventory		105,701	-
Biological assets		(32,994)	(27,687)
Prepaid expenses and deposits		2,517	(13,705)
Accounts payable and accrued liabilities		290,259	(25,678)
Cash used in operating activities		(2,294,401)	(610,761)
Investing activities			
Cash acquired from the business combination		13,769,006	-
Purchase of property, plant and equipment	7	(203,717)	(144,322)
Cash used in investing activities		13,565,289	(144,322)
Financing activities			
Issuance of common shares	9	-	255,000
Cash provided by financing activities		-	255,000
Net decrease in cash and cash equivalents		11,270,888	(500,083)
Cash and cash equivalents - beginning of the period		1,607,950	2,597,108
Cash and cash equivalents - end of the period		$ 12,878,838	$ 2,097,025
Components of cash and cash equivalents			
Cash		$ 12,878,838	$ 2,097,025
		$ 12,878,838	$ 2,097,025

Supplemental disclosure with respect to cash flows (Note 11)

See accompanying notes to the condensed consolidated interim financial statements

1. NATURE OF OPERATIONS

Viridium Pacific Group Ltd. (the "Company" or "Viridium") is a publicly traded corporation, incorporated in Canada, with its head office located at 12556 Stave Lake Road, Mission, British Columbia. The Company's shares are listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol "VIR"; and on the OTC Pink under the symbol "VIRFF".

The Company's principal business is the production and distribution of cannabis for both the adult-use and medical cannabis markets in Canada pursuant to the Cannabis Act. Through its recent acquisition (Note 8), the Company expanded its business to include research and development, and the production of medical two-piece capsules.

Viridium does not engage in any U.S. cannabis-related activities as defined in Canadian Securities Administrators Staff Notice 51-352.

2. BASIS OF PRESENTATION

(a) Basis of preparation

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting" ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements. The accounting policies and critical estimates used in preparing these condensed interim consolidated financial statements are the same as those applied in the Company's annual consolidated financial statements as at and for the year ended November 30, 2018, except for new accounting policies and the adoption of new accounting standards described in Note 3(a) and (b).

The Company has reclassified certain immaterial items on the comparative condensed interim consolidated statement of financial position and the condensed interim consolidated statement of comprehensive loss to conform with current period's presentation.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on April 24, 2019.

(b) Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments and biological assets which are measured at fair value.

(c) Basis of consolidation

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

2. BASIS OF PRESENTATION (Continued)

(c) Basis of consolidation (Continued)

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
EFX Laboratories Inc.	100%	Consolidation
Fish Trap Ventures Ltd.	100%	Consolidation
Stave Lake Services Ltd.	100%	Consolidation
Kanabe Goods Corp.	100%	Consolidation

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

(d) Functional and presentation currency

The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted; which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS

(a) New accounting policies adopted during the interim period

(i) Business Combinations and Asset Acquisitions

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses and is accounted for using the acquisition method. The total consideration paid for the acquisition is the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree at the acquisition date. The acquisition date is the date where the Company obtains control of the acquiree. The identifiable assets acquired, and liabilities assumed are recognized at their acquisition date fair values, except for deferred taxes and share-based payment awards where IFRS provides exceptions to recording the amounts at fair value. Acquisition costs are expensed to profit or loss. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss. Non-controlling interest in the acquiree, if any, is recognized either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets, determined on an acquisition-by-acquisition basis. For each acquisition, the excess of total consideration, the fair value of previously held equity interest prior to obtaining control and the non-controlling

3. SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS (Continued)

(a) New accounting policies adopted during the interim period (Continued)

(i) Business Combinations and Asset Acquisitions (Continued)

interest in the acquiree, over the fair value of the identifiable net asset acquired, is recorded as goodwill. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. The measurement period is the period from the acquisition date to the date complete information about facts and circumstances that existed as of the acquisition date is received. However, the measurement period does not exceed one year from the acquisition date.

Acquisitions that do not meet the definition of a business combination are accounted for as an asset acquisition. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgement. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition. In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

(ii) Intangible Assets and Goodwill

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is provided on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. As of February 28, 2019, the Company does not have any definite life intangible assets.

Intangible assets with an indefinite life or not yet available for use are not subject to amortization.

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized as research and development expenses on the consolidated statement of comprehensive income (loss) as incurred. Capitalized deferred development costs are internally generated intangible assets.

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit (“CGU”) or group of CGUs which are expected to benefit from the synergies of the combination.

3. SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS

(a) New accounting policies adopted in the interim period (Continued)

(ii) Impairment of intangible assets and goodwill (Continued)

Goodwill and intangible assets with an indefinite life or not yet available for use are tested for impairment annually, and whenever events or circumstances make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose all or a portion of a reporting unit. Finite life intangible assets are tested when there is an indication of impairment.

The Company has selected November as our annual test date. For the purpose of impairment testing, goodwill and indefinite life intangible assets have been allocated to CGUs representing the lowest level that the assets are monitored for internal reporting purposes. Goodwill and indefinite life intangible assets are tested for impairment by comparing the carrying value of each CGU containing the assets to its recoverable amount. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds it recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value-in-use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any impairment is recorded in profit and loss in the period in which the impairment is identified. A reversal of an impairment loss for a CGU is allocated to the assets of the unit, except for goodwill, pro rata with the carrying amount of those assets. In allocating a reversal of an impairment loss, the carrying amount of an asset shall not be increased above the lower of its recoverable amount and the carrying amount that would have been determined had no impairment loss ben recognized for the asset in prior period. Impairment losses on goodwill are not subsequently reversed.

Amortization of intangible assets is dependent upon estimates of useful lives and residual values which are determined through the exercise of judgement. CGUs are determined based on the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or group of assets. Management has exercised judgment in this assessment and determined the Company currently has two CGUs: the production and sale of adult-use cannabis; and the production and sale of medical cannabis.

(b) New accounting standards and interpretations adopted in the interim period

The Company has adopted the following new or amended IFRS standards for the period beginning December 1, 2018.

(i) IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The Company adopted IFRS 9 using the retrospective approach where the cumulative impact of adoption will be recognized in retained earnings as of December 1, 2018 and comparatives will not be restated.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS (Continued)

(b) New accounting standards and interpretations adopted in the interim period (Continued)

(i) IFRS 9 Financial Instruments (Continued)

• Amortized cost

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method.

• Fair value through other comprehensive income ("FVTOCI")

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI.

This classification includes certain equity instruments where IFRS 9 allows an entity to make an irrevocable election to classify the equity instruments, on an instrument-by-instrument basis, that would otherwise be measured at FVTPL to present subsequent changes in FVTOCI.

• Fair value through profit or loss ("FVTPL")

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category includes debt instruments whose cash flow characteristics are not SPPI or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset.

Consistent with IAS 39, financial liabilities under IFRS 9 are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost. The Company has contingent consideration payables arising from business combinations which are measured at fair value at initial recognition and subsequently at FVTPL.

The following table summarizes the classification of the Company's financial instruments under IAS 39 and IFRS 9:

	IAS 39 Classification	IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivable (excluding GST receivable)	Loans and receivables	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

The adoption of IFRS 9 did not have an impact on the Company's classification and measurement of financial assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS (Continued)

(c) New accounting standards and interpretations adopted in the interim period (Continued)

(ii) IFRS 15 Revenue from Contracts with Customers

The IASB replaced IAS 18 Revenue, in its entirety with IFRS 15 Revenue from Contracts with Customers. The Company adopted IFRS 15 using the modified retrospective approach where the cumulative impact of adoption will be recognized in retained earnings as of December 1, 2018 and comparatives will not be restated.

The standard 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 assessment of which requires judgment. The model features the following contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized:

1. Identifying the contract with a customer;
2. Identifying the performance obligation(s) in the contract;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligation(s) in the contract; and
5. Recognizing revenue when or as the Company satisfies the performance obligation(s).

Under IFRS 15, revenue from the sale of cannabis are generally recognized at a point in time when control over the goods have been transferred to the customer. Payment is typically due prior to shipment and is recognized into revenue upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon delivery and acceptance by the customer, the timing of which is consistent with the Company's previous revenue recognition policy under IAS 18.

Based on the Company's assessment, the adoption of this new standard had no impact on the amounts recognized in its condensed interim consolidated financial statements.

(b) Recent accounting pronouncements

The following IFRS standard has been recently issued by the IASB. Pronouncements that are not applicable, or where it has been determined do not have a significant impact to the Company, have been excluded herein.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases, which will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. The Company intends to adopt IFRS 16 on December 1, 2019 and is currently assessing the impact of this new standard on its condensed interim consolidated financial statements.

(Unaudited, presented in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENTS (Continued)

(d) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Company's condensed interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgements, estimates and assumptions within these condensed interim consolidated financial statements remain the same as those applied to the consolidated financial statements for the year ended November 30, 2018.

4. CASH AND CASH EQUIVALENTS

As of February 28, 2019, the Company held $10,867,288 (November 30, 2018 - $nil) in a short-term (90 day) restricted GIC earning interest at 2.5% which expired on April 8, 2019. On April 9, 2019, these funds were transferred into unrestricted Redeemable Short-Term Certificates.

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:

	February 28, 2019	November 30, 2018
GST receivable	$ 72,830	$ 3,299
Accounts receivable	315,305	220,912
	$ 388,135	$ 224,211

(Unaudited, presented in Canadian Dollars)

6. BIOLOGICAL ASSETS AND INVENTORY

The Company's biological assets consist of 1,235 cannabis plants as at February 28, 2019. The continuity of biological assets is as follows:

	February 28, 2019	November 30, 2018
Opening balance	$ 137,128	$ -
Add:		
Purchases of genetic material	32,993	51,948
Pre harvest production cost capitalized	205,652	612,288
Fair value less cost to sell due to biological asset transformation	27,390	142,620
Less:		
Harvested amounts transferred out to inventory	(220,452)	(669,728)
	$ 182,711	$ 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 February 28, 2018	Effect on fair value November 30, 2018
Selling price per gram	$4.50 (1)	Change by $1.00 per gram	$ 47,956	$ 39,923
Average yield per plant	100 grams to 125 grams	Change by 5 grams per plant	$ 13,388	$ 4,806

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

As of February 28, 2019, the weighted average fair value less cost to complete and cost to sell was $2.52 per gram (November 30, 2018 – $2.70 per gram); and the biological assets were on average 62% complete (November 30, 2018 – 59% complete). During the three months ended February 28, 2019, the Company's biological assets produced 87,352 grams of dried cannabis (November 30, 2018 – 248,039 grams). As at February 28, 2019, it was expected that the Company's biological assets would yield approximately 89,038 grams (November 30, 2018 – 68,500 grams) of cannabis when harvested.

(Unaudited, presented in Canadian Dollars)

6. BIOLOGICAL ASSETS AND INVENTORY (Continued)

As at February 28, 2019, included in the carrying amount of inventory is 86,769 grams of dry cannabis (November 30, 2018 – 66,253 grams) valued at $219,287 (November 30, 2018 - $264,283) that has been quality assured and is awaiting release for sale. Inventory was comprised of the following items:

	February 28, 2019	November 30, 2018
Harvested cannabis	$ 219,287	$ 264,283
Supplies and consumables	22,814	16,957
Carrying amount	$ 242,101	$ 281,240

7. PROPERTY, PLANT AND EQUIPMENT

A continuity of property, plant and equipment for the periods ended February 28, 2019, and November 30, 2018, is as follows:

	Land	Building	Production equipment	Computer hardware	Computer software	Office equipment	Total
Cost							
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
Additions during the period	-	120,605	67,125	15,987	-	-	203,717
Additions from EFX	-	-	1,438,539	9,205	-	-	1,447,744
As at February 28, 2019	$1,018,900	$2,522,934	$1,779,950	$ 91,727	$ 12,082	$ 28,258	$5,453,851
Accumulated amortization							
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
Amortization for the period	-	25,949	23,616	6,595	1,007	1,413	58,580
As at February 28, 2019	$ -	$ 121,401	$ 63,743	$ 32,617	$ 5,034	$ 7,805	$ 230,600
Net book value							
As at November 30, 2018	$1,018,900	$2,306,877	$ 234,159	$ 40,513	$ 8,055	$ 21,866	$3,630,370
As at February 28, 2019	$1,018,900	$2,401,533	$1,716,207	$ 59,110	$ 7,048	$ 20,453	$5,223,251

The Company began utilizing the building, production equipment and computer software for commercial purposes on January 1, 2018. A total of $397,212 phase 2 site improvements is included in building, but it has not been amortized until the asset is available for use.

(Unaudited, presented in Canadian Dollars)

8. BUSINESS COMBINATIONS

On February 11, 2019, the Company entered into an amalgamation agreement with EFX Laboratories Inc. (“EFX”) for the acquisition by Viridium of all the issued and outstanding class A voting shares in the capital of EFX 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).

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

Upon completion of the Amalgamation, current holders of EFX Shares hold 49,412,781 Viridium Shares, representing 50.05% of the outstanding Viridium Shares and the current holders of Viridium Shares hold 49,320,375 Viridium Shares, representing approximately 49.95% of the outstanding Viridium Shares.

The Amalgamation was an arm’s length “reviewable transaction” as that term is defined by the TSX-V. The completion of the Amalgamation was 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.

Management is in the process of gathering the relevant information that existed as at the acquisition date to determine the fair value of net identifiable assets acquired. As such, the initial purchase price was provisionally allocated based on the Company’s estimated fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date. Management continues to work on finalizing the purchase price allocation for the fair value of identified intangible assets, property, plant and equipment acquired and the allocation to goodwill.

Completed during the three months ended February 28, 2019:

Total consideration		
Common shares issued	$	25,694,646
Replaced share-based payments		404,784
	$	26,099,430
Net identifiable assets (liabilities) acquired		
Cash	$	13,769,006
Accounts receivables		91,849
Prepaid expenses		7,534
Property, plant and equipment		1,447,744
Accounts payable and accrued liabilities		(460,708)
	$	14,855,426
Purchase price allocation		
Net identifiable assets acquired	$	14,855,426
Intangible assets and Goodwill		11,244,004
	$	26,099,430
Acquisition costs expensed		
Three months ended February 28, 2019	$	1,736,492

(Unaudited, presented in Canadian Dollars)

8. BUSINESS COMBINATIONS (Continued)

Goodwill represents expected synergies, future income and growth, and other intangibles that do not qualify for separate recognition, as well as the deferred tax liability recognized for all taxable temporary differences. None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

9. SHARE CAPITAL

a) Authorized:

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

b) Issued:

During the period ended February 28, 2019, the Company issued 49,412,781 common voting shares in relation to the business combination with EFX. The total number of common voting shares outstanding by the Company as of February 28, 2019 is 98,733,156.

c) Warrants

The continuity of warrants for the three months ended February 28, 2019 is as follows:

Expiry date	Exercise price ($)	November 30, 2017	Issued [1]	Exercised	Expired	November 30, 2018 and February 28, 2019
June 27, 2018	0.80	2,750,000	176,996	(1,715,020)	(1,211,976)	-
June 27, 2018	0.80	493,056	-	(462,500)	(30,556)	-
June 27, 2018	0.80	1,771,962	-	(50,340)	(1,721,622)	-
Warrants outstanding		5,015,018	176,996	(2,227,860)	(2,964,154)	-
Weighted average exercise price ($)		$ 0.80	$ 0.80	$ 0.80	$ 0.80	n/a

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

As at February 28, 2019, the weighted average contractual remaining life of warrants is nil (November 30, 2018 – nil).

(Unaudited, presented in Canadian Dollars)

9. SHARE CAPITAL (Continued)

d) Finder's Options

The continuity of finder's options for the three months ended February 28, 2019 is as follows:

Expiry date		Exercise price ($)	November 30, 2017	Exercised	Expired	November 30, 2018 and February 28, 2019
June 27, 2018	(1)	0.60	355,670	(353,990)	(1,680)	-
Finder's Options outstanding			355,670	(353,990)	(1,680)	-
Weighted average exercise price ($)			$ 0.60	$ 0.60	$ 0.60	n/a

(1) 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. Subsequent to May 31, 2018, 306,660 finder's options were exercised and the remaining expired.

As at February 28, 2019, the weighted average contractual remaining life of finder's options is nil (November 30, 2018 – 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 9,873,316 at February 28, 2019.

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.

During the three months ended February 28, 2019, the Company granted a total of 1,489,491 stock options with a fair value of $405,234 as replacement options to past EFX directors, officers, employees and consultants at exercise prices ranging from $0.64 to $0.90 per share. Of these options, 1/3 (496,497) vested immediately as of the grant date; 1/3 vest on the first anniversary per the original EFX options grant date and the remaining on the second anniversary of the original EFX grant date. These options expire between February 13, 2022 and November 1, 2023.

149,625 options ($268,038) were forfeited during the three months ended February 28, 2019.

(Unaudited, presented in Canadian Dollars)

9. SHARE CAPITAL (Continued)

(e) Share-Based Compensation

The continuity of options for the period ended February 28, 2019 is as follows:

Expiry date	Exercise price ($)	November 30, 2017	Granted	Expired / forfeited	November 30, 2018	Granted	Expired / forfeited	February 28, 2019
June 30, 2018	1.80	8,325	-	(8,325)	-	-	-	-
October 6, 2019	0.60	525,000	-	-	525,000	-	-	525,000
December 1, 2019	1.31	-	50,000	-	50,000	-	-	50,000
March 21, 2020	0.94	-	75,000	-	75,000	-	-	75,000
March 23, 2020	3.60	8,325	-	-	8,325	-	-	8,325
March 23, 2020	7.21	8,325	-	-	8,325	-	-	8,325
October 23, 2020	0.91	-	250,000	-	250,000	-	-	250,000
June 14, 2021	0.91	-	110,000	-	110,000	-	-	110,000
June 21, 2021	0.81	-	1,149,250	-	1,149,250	-	(149,625)	999,625
October 11, 2021	0.89	-	561,797	-	561,797	-	-	561,797
October 23, 2021	0.91	-	199,625	-	199,625	-	-	199,625
February 13, 2022	0.78	-	-	-	-	400,000	-	400,000
October 6, 2022	0.60	750,000	-	-	750,000	-	-	750,000
May 8, 2023	0.64	-	-	-	-	389,105	-	389,105
June 1, 2023	0.64	-	-	-	-	389,105	-	389,105
August 20, 2023	0.90	-	-	-	-	233,462	-	233,462
October 8, 2023	0.90	-	-	-	-	19,455	-	19,455
October 15, 2023	0.90	-	-	-	-	52,528	-	52,528
November 1, 2023	0.90	-	-	-	-	5,836	-	5,836
Options outstanding		1,299,975	2,395,672	(8,325)	3,687,322	1,489,491	(149,625)	5,027,188
Options exercisable		699,975	1,944,008	-	3,273,159	763,164	-	4,212,986
Weighted average exercise price ($)		$ 0.67	$ 0.87	$ 1.80	$ 0.79	$ 0.73	$ 0.81	$ 0.78

As at February 28, 2019, the weighted average contractual remaining life of options is 2.26 years (November 30, 2018 – 2.55 years).

The assumptions used to estimate the fair value of options for the periods ended February 28, 2019 and 2018 were as follows:

	2019	2018
Risk-free interest rate	1.78-1.8%	1.82-2.28%
Expected stock price volatility	103-103%	119-125%
Expected option life in years	3-4.72	1.5 to 3 years
Expected dividend in yield	Nil	Nil
Forfeiture rate	Nil	Nil

(Unaudited, presented in Canadian Dollars)

9. SHARE CAPITAL (Continued)

(e) Share-Based Compensation *(Continued)*

The continuity of RSUs for the period ended February 28, 2019 is as follows:

Expiry date	Deemed price ($)	November 30, 2017	Granted	Cancelled	Vested and Converted into shares	November 30, 2018	Cancelled	February 28, 2019
June 21, 2018	0.81	-	349,625	-	(349,625)	-	-	-
October 6, 2018	0.54	1,947,375	-	(1,149,250)	(648,500)	149,625	(149,625)	-
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	-	50,000
RSUs outstanding		1,947,375	515,538	(1,149,250)	(1,114,038)	199,625	(149,625)	50,000
RSUs vested		-	465,538	-	-	149,625	-	-

As at February 28, 2019, the weighted average contractual remaining life of RSUs is 0.84 years (November 30, 2018 – 0.26 years). The Company cancelled 149,625 RSUs during the three months ended February 28, 2019.

(f) Escrow shares

In accordance with the escrow agreement dated September 25, 2017, 21,167,581 shares were placed in escrow. Of the escrowed common shares, 10% were released on October 6, 2017, with an additional 15% being released thereafter every 6 months. On February 25, 2019, the Company graduated from Tier 2 to Tier 1 of the TSX-V; and, as a result, the escrow schedule has shortened from 36 months to 18 months, with the remaining escrow shares to be released on April 6, 2019. As of February 28, 2019, there were 12,700,549 common shares (November 30, 2018 – 12,700,549) held in escrow.

Another 2,117,591 shares were placed in escrow in accordance with a separate escrow agreement also dated September 25, 2017. Of the escrowed common shares, 5% were released on October 6, 2017, with an additional 5% being released on April 6, 2018. The remaining 90% would 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% would be released on October 6, 2020. With the TSX-V tier graduation, the escrow release schedule has shortened from 36 months to 18 months, with the remaining escrow shares to be released on April 6, 2019. As of February 28, 2019, there were 1,694,072 common shares (November 30, 2018 – 1,694,072) held in escrow.

Subsequent to the period end, on April 8, 2019, all the remaining escrow shares were released.

(Unaudited, presented in Canadian Dollars)

10. 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.

		2019		2018
Management compensation [1]	$	128,856	$	-
Directors' fees		73,750		3,000
Share-based payments [2]		181,405		361,482
	$	384,011	$	364,482

[1] Includes an accrual of $300,741 related to an officer for his past services (see note 12).
[2] 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.

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 period ended February 28, 2019:

		2019		2018
Consulting fees paid or payable to companies in which the officers of the Company have control over	$	52,280	$	234,680
Operational fees paid or payable to companies owned by a director of the Company		56,377		10,000
	$	108,657	$	244,680

(c) Related party balances

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

		2019		2018
(i) Former director [1]	$	78,999	$	78,999
(i) Former officer [1]		24,944		24,944
(ii) Current directors'		65,201		-
(ii) Companies controlled by director and officer of the Company [2]		12,432		39,346

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

(Unaudited, presented in Canadian Dollars)

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash investing and financing transactions during the period ended February 28, 2019.

12. COMMITMENTS AND CONTINGENCIES

Claims and litigation

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 condensed interim 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.

Capital project commitments

The Company has capital project commitments of approximately $200,000 to be paid within one year.

Other commitments

The Company is committed to pay $300,741 to an officer over a period of five years; or immediately upon resignation or termination of his services. As of February 28, 2019, the Company included its net present value of $221,578 in accrued liabilities.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK

Fair value of financial instruments

Financial instruments are measured either at fair value or at amortized cost. The table below lists the valuation methods used to determine fair value of each of the Company's financial instruments.

	IFRS 9
Financial assets	
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost

The carrying values of the financial instruments at February 28, 2019, reflected on the condensed consolidated statement of financial position, approximate their fair value due to the relatively short maturity of those instruments.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK (Continued)

Financial instruments risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

(a) Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is moderately exposed to credit risk from its cash and cash equivalents, trade and other receivables and short-term GIC investments. The risk exposure is limited to their carrying amounts at the statement of financial position date. The risk for cash and cash equivalents is mitigated by holding these instruments with highly rated Canadian financial institutions. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the financial institutions and the investment grade of its GICs. Trade and other receivables primarily consist of trade accounts receivable and goods and services taxes recoverable ("GST"). The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk

As at February 28, 2019, 30% (November 30, 2018 – 52%) of the receivables are from customers and outstanding for less than 30 days.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

During the three months ended February 28, 2019, the Company increased its cash position with the EFX amalgamation; while during the year ended November 30, 2018, the Company received $1,994,683 in proceeds from the exercise of warrants and finder's options.

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 $1,339,489 (November 30, 2018 - $588,522).

(c) Market risk

(i) Currency risk

The operating results and financial position of the Company are reported in Canadian dollars. As the Company operates in Canada, its financial instruments and transactions are denominated in Canadian dollars. The Company has very limited currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's investments in GIC's have fixed rates of interest.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK (Continued)

(c) Market risk (Continued)

(iii) Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company currently does not have marketable securities and investments that would be susceptible to price risk arising from uncertainties about their future values.

14. SEGMENTED INFORMATION

As at February 28, 2019, the Company operates in two segments: the production and sale of adult-use cannabis; and the production and sale of medical cannabis. All property, plant and equipment are in Canada.

15. 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 February 28, 2019 total managed capital was comprised of shareholders' equity and debt of $30,232,617 (November 30, 2018 - $5,949,459).

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.

16. SUBSEQUENT EVENTS

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

(b) The Company granted 275,000 stock options to its employees on March 18, 2019 at an exercise price of $0.65 for a period of three years, vesting 50% immediately and 50% in six months.

(c) On March 18, 2019, the Company granted 50,000 RSUs to its directors and a former director at a deemed value of $0.53 per RSU, vesting immediately into common shares of the Company.

(d) On March 20, 2019, the Company granted 131,250 RSUs to its directors and a former director at a deemed value of $0.51 per RSU, vesting 12 months from the dates that the directors resign.

(e) The Company granted 250,000 stock options to its officer on March 26, 2019 at an exercise price of $0.65 for a period of three years, vesting 12.5% every three months.