VIRIDIUM PACIFIC GROUP LTD.

(formerly Morro Bay Resources Ltd.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2017 AND 2016

(IN CANADIAN DOLLARS)

VIRIDIUM PACIFIC GROUP LTD.
(formerly Morro Bay Resources Ltd.)
Consolidated Financial Statements
For the years ended November 30, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Viridium Pacific Group Ltd. (formerly Morro Bay Resources Ltd.)

We have audited the accompanying consolidated financial statements of Viridium Pacific Group Ltd. (formerly Morro Bay Resources Ltd.) and its subsidiaries, which comprise the consolidated statements of financial position as at November 30, 2017 and November 30, 2016 and the consolidated statements of operations, changes in shareholders' equity and cash flows for the years 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 consolidated 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 audits. We conducted our audits 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 auditor's 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. and its subsidiaries as at November 30, 2017, and November 30, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which indicates the existence of material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
April 2, 2018
Toronto, Ontario

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

(Expressed in CDN Dollars)	Note	As at November 30, 2017	As at November 30, 2016
Assets			
Current assets			
Cash and cash equivalents		**$ 2,597,108**	$ 907,408
Amounts receivable	5	**190,351**	12,456
Subscription receivable		-	100,000
Due from related party	10	**25,758**	-
Prepaid expenses and deposits		**25,522**	8,261
		2,838,739	1,028,125
Property, plant and equipment	7	**2,975,930**	251,765
Total assets		**$ 5,814,669**	$ 1,279,890
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**$ 157,204**	$ 245,189
Due to related parties		**9,633**	17,485
		166,837	262,674
Shareholders' Equity			
Share capital	8	**7,857,909**	1,110,000
Share based compensation reserve		**606,422**	-
Warrant reserve		**880,232**	-
Deficit		**(3,696,731)**	(92,784)
Total shareholders' equity		**5,647,832**	1,017,216
Total liabilities and shareholders' equity		**$ 5,814,669**	$ 1,279,890
Nature of operations and going concern	1		
Subsequent events	15		
Contingencies and commitments	11		

See accompanying notes

On behalf of the Board:

"Michael Steele"
(Signed) Director

"Benjamin Eastwood"
(Signed) Director

VIRIDIUM PACIFIC GROUP LTD. (formerly Morro Bay Resources Ltd.)
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED NOVEMBER 30

(Expressed in CDN Dollars)	Note	2017	2016
Expenses			
Amortization		**$ 8,856**	$ -
Consulting		**722,958**	-
Foreign exchange loss		**10,135**	-
Insurance		**6,186**	-
Licensing		**10,650**	-
Marketing and promotion		**33,005**	-
Office		**20,968**	203
Professional fees		**225,668**	17,000
Rent		**61,075**	11,496
Security		**33,929**	-
Share based compensation		**603,557**	-
Stock exchange and listing costs		**65,285**	-
Supplies		**24,340**	-
Travel		**59,409**	1,785
Utilities and communication		**19,547**	2,144
Wages and salaries		**31,374**	-
Loss from operations		**(1,936,942)**	(32,628)
Interest income		**2,610**	-
Interest expense		**(19,978)**	-
Reverse takeover listing expense	3	**(1,652,137)**	-
Net loss for year		**$ (3,606,447)**	$ (32,628)

Earnings per share, basic and diluted			
Net loss per share		**$ (0.28)**	$ (0.00)
Weighted average number of common shares		**12,918,861**	10,112,511

See accompanying notes

VIRIDIUM PACIFIC GROUP LTD. (formerly Morro Bay Resources Ltd.)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED NOVEMBER 30, 2017 AND 2016

(Expressed in CDN Dollars)	Share capital	Share capital	Warrants reserve	Share based compensation reserve	Deficit	Total
	#	$	$	$	$	$
Balance, November 30, 2015	10,000,000	10,000	-	-	(60,156)	(50,156)
Private placement November 2016	1,466,667	1,100,000	-	-	-	1,100,000
Net Loss	-	-	-	-	(32,628)	(32,628)
Balance, 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	-
Subtotal	10,833,333	2,507,500	-	-	(90,284)	2,417,216
Reverse takeover share split	23,102,424	-	-	-	-	-
Reverse takeover shares issued	3,386,520	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 warrants, 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	-	-	-	-	(3,606,447)	(3,606,447)
Balance, November 30, 2017	**45,580,350**	**7,857,909**	**880,232**	**606,422**	**(3,696,731)**	**5,647,832**

See accompanying notes

VIRIDIUM PACIFIC GROUP LTD. (formerly Morro Bay Resources Ltd.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2017 AND 2016

Expressed in CDN Dollars	**2017**	2016
Cash provided by (used in)		
Operations		
Net loss	**$ (3,606,447)**	$ (32,628)
Add (deduct) non-cash items		
Share based compensation	**603,557**	-
Reverse takeover listing expense	**1,652,137**	-
Amortization	**8,856**	-
Consulting services settled with issuance of convertible debentures	**150,000**	
	(1,191,897)	(32,628)
Net changes in working capital		
Amounts receivable	**(175,269)**	(12,456)
Subscription receivable	**100,000**	-
Prepaid expenses and deposits	**(16,624)**	(8,261)
Accounts payable and accrued liabilities	**(176,724)**	19,607
	(1,460,514)	(33,738)
Investing		
Purchase of property, plant and equipment	**(2,733,021)**	(50,183)
Cash acquired in reverse takeover	**902**	-
	(2,732,119)	(50,183)
Financing		
Gross proceeds from issuance of equity	**5,291,567**	1,000,000
Cash equity issuance costs	**(281,624)**	-
Proceeds from issuance of Experion convertible debentures	**906,000**	-
Advances to related party	**(25,758)**	-
Repayment of shareholder's loan	**(7,852)**	(8,671)
	5,882,333	991,329
Net cash provided by (used in) for the year	**1,689,700**	
Cash and cash equivalents beginning of year	**907,408**	-
Cash and cash equivalents end of year	**$ 2,597,108**	$ 907,408
Components of cash and cash equivalents		
Cash	**$ 2,597,108**	$ 37,408
Cashable term deposit	**-**	870,000
Supplementary Disclosure – Non Cash Items		
Sale of interest in Northern Vine Canada Inc.	**$ 2,500**	$ -
Issuance of equity in consideration of Experion convertible debentures	**1,063,177**	-
Purchase and cancellation of Experion common shares	**(2,500)**	-

See accompanying notes

1. NATURE OF BUSINESS AND GOING CONCERN

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

The Consolidated Financial Statements as at and for the year ended November 30, 2017 include Viridium Pacific Group Ltd. and its 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 of medical cannabis in Canada. The principal activity of Experion is the production and possession of medical cannabis as regulated by the Access to Cannabis for Medical Purposes Regulations ("ACMPR"). As at the date of these financial statements, Experion has a license to produce medical cannabis but has not received its license to sell and ship medical cannabis. Once Experion receives its license to sell and ship medical cannabis, these will also be its principal activities. The planned principal activity of Fish Trap is the ownership of land and leasing of land. 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.

These Consolidated Financial Statements have been prepared on the going concern basis, 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, 2017, the Company did not generate any revenue and incurred a net loss and comprehensive loss of $(3,606,447) (2016 - $(32,628)) and cash flows used in operating activities of $(1,460,514) (2016 - ($33,738)). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing, at the Company has not yet generated any revenue or receive a license to sell medical cannabis as set out in the ACMPR. 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. Further there are no assurance that the Company will be successful in obtaining its license to sell cannabis. As is common with development state 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 (Cont'd)

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

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

These Consolidated Financial Statements were approved by the Board of Directors and authorized for issue by the Board of Directors on April 2, 2018.

These Consolidated Financial Statements have been prepared in Canadian dollars on a historical cost basis. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

3. 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 42,822,277 consisting of: (i) Viridium shareholders 2,884,298 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.

(Expressed in CDN $)

3. REVERSE TAKEOVER (Cont'd)

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 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 Consolidated Statement of Operations and Loss.

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.

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

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

These Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Consolidation (Cont'd)

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
Northern Vine Canada Inc.	19.5% (2016)	Equity method

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

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.

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.

Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated amortization and impairment losses. Depreciation is provided using the following methods and rates:

Building	20 year straight line
Production equipment	30 % declining balance
Computer hardware	30 % declining balance
Computer software	30 % declining balance
Office equipment	20 % declining balance

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, Plant and Equipment (Cont'd)

An asset's residual value, useful life and depreciation method are reviewed at the end of each financial year and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

No depreciation is taken on assets under construction until it is available for use and land is not amortized.

Income Taxes

The Company uses the liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

Share Based Compensation

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Share Based Compensation (Cont'd)

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.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

Financial Assets (Cont'd)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

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
Subscription receivable	Loans and receivable
Due from related parties	Loans and receivable
Accounts payable and accrued liabilities	Other financial liabilities
Due to related parties	Other financial liabilities

Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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.

Critical Accounting Estimates and Judgments

The preparation of the Consolidated Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimated Useful Lives and Depreciation and Amortization of Property, Plant and Equipment

Depreciation and amortization of property, plant and equipment are dependent upon estimates of useful lives, which are determined through the exercise of judgment. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Share Based Compensation

The fair value of options granted by the Company are calculated using the Black-Scholes valuation. In calculating the share based compensation expense, key estimates such as the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk free interest rate are used. To calculate the share based compensation expense related to key employee performance milestones associated with the terms of an acquisition, the Company must estimate the number of shares that will be earned and when they will be issued based on estimated discounted probabilities.

Warrants

The fair value of warrants granted by the Company are calculated using the Black-Scholes valuation. In calculating the value of the warrants, the Company includes key estimates such as the volatility of the Company's stock price, the value of the common share, and the risk free interest rate.

New and Revised IFRS in Issue But Not Yet Effective

Amendments to IAS 12

Amends IAS 12 Income Taxes to clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use;
- The carrying amount of an asset does not limit the estimation of probable future taxable profits;
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; and
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

This amendment is applicable to annual periods beginning on or after January 1, 2017.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

(Expressed in CDN $)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

New and Revised IFRS in Issue But Not Yet Effective (Cont'd)

IFRS 9 Financial Instruments

IFRS 9 was issued by the IASB in November 2009 and October 2010 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. The effective date of IFRS 9 is January 1, 2018.

IFRS 16 Leases

IFRS 16 was issued by the IASB in January 2016 and specifies the requirements to recognize, measure, present and disclose leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted.

The Company is assessing the impact of the new or revised IFRS standards in issue but not yet effective on its financial position and financial performance.

5. AMOUNTS RECEIVABLE

The Company's amounts receivable consists of trade accounts receivable and harmonized sales tax ("HST") receivable. The breakdown of the amounts receivable balance was as follows:

	November 30, 2017	November 30, 2016
GST/HST receivable	**$ 156,227**	$ 12,456
Accounts receivable	**34,124**	-
	$ 190,351	$ 12,456

6. INVESTMENTS

The Company's investments are comprised of an investment in an associate and investments in certain financial instruments held by one of its wholly-owned subsidiaries.

Investment in Associate

On April 14, 2014, Experion purchased a 25% equity interest in Northern Vine Canada Inc. ("Northern Vine") at a cost of $2,500. As at November 30, 2014, Experion recognized its share of Northern Vine losses to the extent of its investment, resulting in a nil carrying value. Northern Vine did not generate any income and Experion's equity interest was reduced to 19.5% during the 2015, 2016 and 2017 periods. On September 28, 2017 and concurrent with the reverse takeover transaction, Experion transferred its 19.5% interest in Northern Vine in consideration of 2,500,000 common shares of Experion. The Experion common shares were cancelled upon receipt. IFRS do not permit the recognition of any gain or loss as the result of the repurchase of Experion's previously issued common shares. A recovery of the previously reduced investment carrying value in the amount of $2,500 has been accounted for as a reduction of Experion's deficit. For income taxes purposes Experion has accounted for the transaction as a taxable capital gain of $198,750 (See Income Taxes Note 10).

Investment in Experion Convertible Debentures

On August 1, 2017, Experion issued 1,056 convertible debentures having an aggregate face value of $1,056,000 at par value. On September 28, 2017 and concurrent with the reverse takeover transaction, Viridium acquired 100% of the Experion convertible debentures plus accrued interest, in consideration of the issuance of 1,771,962 common share units of Viridium (See Share Capital Note 8). The investment, liability and share capital reserve balances of Viridium and Experion have been eliminated in the Company's Consolidated Financial Statements due to their intercorporate nature. Viridium currently holds the Experion convertible debentures as an investment and may hold or dispose of the investment or potion thereof, prior to their maturity. Experion convertible debentures mature July 31, 2019 and bear interest at 8% per annum, payable July 31 each year. Each convertible debenture is convertible into one debenture unit at the earlier of September 30, 2017 or a change in control and no later than January 31, 2019. Each debenture unit consists of 533 common shares of Experion and 533 common share purchase warrants, exercisable at a price of $2.50 per share and expiring May 31, 2018.

(Expressed in CDN $)

7. PROPERTY, PLANT AND EQUIPMENT

A continuity of property, plant and equipment for the year ended November 30, 2017 and November 30, 2016 is as follows:

Cost	**December 1, 2016**	**Additions**	**November 30, 2017**
Land	**$ -**	**$ 1,018,900**	**$ 1,018,900**
Building	**251,765**	**1,540,194**	**1,791,959**
Production equipment	**-**	**96,864**	**96,864**
Computer hardware	**-**	**47,153**	**47,153**
Computer software	**-**	**12,082**	**12,082**
Office equipment	**-**	**17,828**	**17,828**
	$ 251,765	**$ 2,733,021**	**$ 2,984,786**

Accumulated Depreciation	**December 1, 2016**	**Depreciation**	**November 30, 2017**
Land	**$ -**	**$ -**	**$ -**
Building	**-**	**-**	**-**
Production equipment	**-**	**-**	**-**
Computer hardware	**-**	**7,073**	**7,073**
Computer software	**-**	**-**	**-**
Office equipment	**-**	**1,783**	**1,783**
	$ -	**$ 8,856**	**$ 8,856**

Cost	**December 1, 2015**	**Additions**	**November 30, 2016**
Land	$ -	$ -	$ -
Building	-	251,765	251,765
Production equipment	-	-	-
Computer hardware	-	-	-
Computer software	-	-	-
Office equipment	-	-	-
	$ -	$ 251,765	$ 251,765

Accumulated Depreciation	**December 1, 2015**	**Depreciation**	**November 30, 2016**
Land	$ -	$ -	$ -
Building	-	-	-
Production equipment	-	-	-
Computer hardware	-	-	-
Computer software	-	-	-
Office equipment	-	-	-
	$ -	$ -	$ -

(Expressed in CDN $)

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Net Book Value	**November 30, 2017**	November 30, 2016
Land	**$1,018,900**	$ -
Building	**1,791,959**	251,765
Production equipment	**96,864**	-
Computer hardware	**40,080**	-
Computer software	**12,082**	-
Office equipment	**16,045**	-
	$2,975,930	$ 251,765

The Company began utilizing the building, production equipment and computer software for commercial purposes on January, 1, 2018.

8. SHARE CAPITAL

Authorized

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

Equity Raises

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.

On September 28, 2017 and concurrent with the reverse takeover, the Company completed a private placement of 5,500,000 common share units, which included an over-allotment of 500,000 common share units for gross proceeds of $3,300,000. 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 $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 share and 177,835 broker warrants having an exercise price of $0.80 per share. The broker options and warrants expire June 27, 2018. The fair value of broker options and warrants 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.

8. SHARE CAPITAL (Cont'd)

Equity Raises (Cont'd)

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.

Other

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. (See Note 6 – Investment in associate)

(Expressed in CDN $)

8. SHARE CAPITAL (Cont'd)

Common Shares and Warrant Reserves

The following is a schedule of share capital and warrant reserves:

	Share Capital Number \#	Share Capital CDN Dollars $	Warrants Number \#	Warrant Reserve CDN Dollars $	Total CDN Dollars $
Balance November 14, 2014 and 2015	10,000,000	10,000	-	-	$ 10,000
Private placement November, 2016	1,466,667	1,100,000	-	-	1,100,000
Balance November 30, 2016	**11,466,667**	**1,110,000**	**-**	**-**	**1,110,000**
Private placement April, 2017	1,866,666	1,400,000	-	-	1,400,000
Purchase of common shares	(2,500,000)	(2,500)	-	-	(2,500)
Subtotal	10,833,333	2,507,500	-	-	2,507,500
Reverse takeover share split	23,102,424		-	-	
Reverse takeover shares deemed to be issued to non Experion shareholders	3,386,520	1,557,521	-	-	1,557,521
Private placement to purchase Experion convertible debentures	1,771,962	855,857	1,771,962	207,320	1,063,177
Private placement September 28, 2017	5,500,000	2,970,000	2,750,000	330,000	3,300,000
Agent's Option	-	-	533,505	79,107	79,107
Private placement November 14, 2017	986,111	285,873	493,506	305,694	591,567
Issuance Costs	-	(318,842)	-	(41,889)	(360,731)
Balance November 30, 2017	**45,580,350**	**7,857,909**	**5,548,973**	**880,233**	**8,738,141**

The following is a summary of outstanding warrants:

Number Outstanding at November 30, 2017	**Remaining Contractual Life (Years)**	**Exercise Price**
355,670	0.58	$0.60
5,193,303	0.58	$0.80
Weighted Average	0.58	$0.79

Subsequent to year end, 418,750 warrants were exercised for gross proceeds of $335,000.

(Expressed in CDN $)

8. SHARE CAPITAL (Cont'd)

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 granted, expiry dates and vesting conditions. Restricted share units have no exercise price. The maximum number of common shares reserved for issuance for options and restricted stock units that may be granted under the plan is 10% of the common shares outstanding, which amounts to 4,558,350 at November 30, 2017. The vesting terms on the issued options are as 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) $1/365^{th}$ per day, during the employment period – service condition

The following is a summary of the changes in options pursuant to the Company's Stock Option Plan during the period:

	Options Issued	Average Exercise Price
Balance outstanding at November 30, 2014, 2015 and 2016	$Nil	$Nil
Assumed upon reverse takeover	24,975	$0.32
Options granted	1,274,625	$0.60
Options exercised	-	-
Options forfeited/cancelled	-	-
Balance outstanding November 30, 2017	1,299,600	$ 0.60
Balance vested, November 30, 2017	699,975	$ 0.59

The following is a summary of the outstanding stock options as at November 30, 2017:

Options		Outstanding	Options	Exercisable
Number Outstanding at November 30, 2017	Weighted Average Remaining Contractual Life (years)	Range of Exercise Prices	Number Exercisable at November 30, 2017	Range of Exercise Prices
24,975	2.6	$0.14-0.56	24,975	$0.14-0.56
1,274,625	3.6	$0.60	675,000	$0.60
1,299,600	3.6		699,975	

At November 30, 2017 the weighted average exercise price of options outstanding and options exercisable was $0.60.

(Expressed in CDN $)

8. SHARE CAPITAL (Cont'd)

Share Based Compensation (Cont'd)

The Company recorded $315,139 for the year ended November 30, 2017 (for the year ended November 30, 2016 - $nil) in share based compensation expense related to options.

In determining the amount of share-based compensation, the Company used the Black-Scholes option pricing model to establish the fair value of options granted during the year ended November 30, 2017 by applying the following assumptions:

	Two Year Options	Five Year Options
Share price	$0.54	$0.54
Risk free interest rate	1.46%	1.70%
Expected life of options	2 years	5 years
Expected annualized volatility	100%	100%
Expected dividend yield	Nil	Nil
Black-Scholes value of each option	$0.27	$0.40

The Company has insufficient trading history to estimate its own share price volatility. The Company reviewed other companies in the industry with similar stage of development to determine a reasonable estimate of share price volatility. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based on the Bank of Canada interest rates with a term equal to the expected life of the options.

Restricted Share Unit Plan ("RSU's")

The Company issued 1,947,375 RSU's at a deemed common share price of $0.54 per RSU during the year. All RSU's granted have a term of one year and a remaining term of 0.83 years as at November 30, 2017. The RSU vesting terms are as follows: (a) 50% ("Tranche 1") shall vest once the following conditions have been satisfied: (i) the Company's common shares are trading on an acceptable stock exchange, (ii) the completion of the first harvest of cannabis product from the ACMPR license, and (iii) the volume weighted average trading price over a period of twenty days prior to the granted RSU's shall be greater than $0.50 per common share, and (b) 50% shall vest 180 days after the vesting of the Tranche 1 granted RSU's and upon the following conditions having been satisfied: (a) the Company's common shares are trading on an acceptable stock exchange, and (b) the volume weighted average trading price over a period of twenty days prior to the granted RSU's shall be greater than $0.50 per common share. No RSU's had vested, or were exercisable as at November 30, 2017.

(Expressed in CDN $)

9. INCOME TAXES

Income Tax Expense

Effective January 1, 2018, the provincial income tax rate in British Columbia, Canada increased from 11% to 12%.

The following table reconciles income taxes at the expected combined Canadian federal/provincial tax rates with the income tax expense in the consolidated financial statements:

	November 30, 2017	November 30, 2016
Expected tax rate	**27.0%**	26.9%
Loss before income taxes	**$(3,606,447)**	$(32,628)
Expected income tax recovery	**(973,741)**	(8,777)
Permanent differences		
Reverse takeover listing expense	**446,077**	-
Share based compensation	**162,960**	-
Taxable gain on disposition of investment	**53,663**	-
Share issuance costs	**(15,208)**	-
Other	**3,411**	-
Change in rates	**(93)**	-
Deferred taxes not recognized	**322,930**	8,777
Income tax expense	**$ Nil**	$ Nil

Deferred Incomes Taxes

The differences that give rise to deferred income tax assets and deferred income tax liabilities are presented below:

	November 30, 2017	November 30, 2016
Amounts related to tax loss carry forwards	**$347,889**	$24,959
Amounts related to cash share issuance costs	**60,831**	-
Net deferred tax asset	**408,720**	24,959
Less: Deferred tax asset not recognized	**(408,720)**	(24,959)
Net deferred tax asset	**$ Nil**	$ Nil

Loss Carryforwards and Share Issuance Costs

	November 30, 2017	November 30, 2016
Losses carried forward	**$1,288,477**	$92,784
Share issuance costs	**225,300**	Nil
Total	**$1,513,777**	$92,784

(Expressed in CDN $)

9. INCOME TAXES (Cont'd)

Loss Carryforwards and Share Issuance Costs (Cont'd)

As at November 30, 2017, the Company has non-capital losses of $1,288,477 expiring as follows:

Year	Amount
2033	$ 1,250
2034	32,922
2035	25,983
2036	32,628
2037	1,195,694
Total	$ 1,288,477

10. RELATED PARTIES

Compensation paid and the value of stock options vested to executive officers and board members during the year ended November 30, 2017 is as follows:

	Cash Compensation	Share Based Compensation Stock Options	Share Based Compensation RSU's	Convertible Debentures issued for services	Total
Management	$ 233,000	$ 238,256	$ 170,212	$ 95,000	$736,468
Board of Directors	2,500	Nil	88,644	Nil	91,144
	$ 235,500	$ 238,256	$ 258,856	$ 95,000	$827,612

The number of stock options and restricted share units granted and vested to executive officers and board members during the year November 30, 2017 is as follows:

	Stock Options Granted #	Stock Options Vested #	RSU's Granted #	RSU's Vested #
Management	649,625	500,000	1,149,250	Nil
Board of Directors	Nil	Nil	598,500	Nil
	649,625	500,000	1,747,750	Nil

Two parties and their associated companies have the ability to exert control on the Company. Compensation paid to these parties for the year ended November 30, 2017 is as follows:

	Cash Compensation	Stock Based Compensation RSU's	Convertible Debentures issued for services	Total
E & R Holdings Ltd. (Robert Howard) (1)	$ 145,000	$22,161	$ Nil	$ 167,161
0809823 B.C. Ltd. (Sean MacNeil) (2)	$ 80,405	$Nil	$37,500	$ 117,905

10. RELATED PARTIES (Cont'd)

1 On April 28, 2017, Experion reimbursed a shareholder (Mr. Howard) $25,000 resulting from a transaction whereby Experion received funds on behalf of Experion common shares sold by a company controlled by Mr. Howard. As at November 30, 2017 the Company was indebted to Mr. Howard in the amount of $9,633.

2 On April 28, 2017, Experion credited a shareholder's (Mr. MacNeil) due from related party account $25,000 resulting from a transaction whereby Experion received funds on behalf of Experion common shares sold by a company controlled by Mr. MacNeil.

As at November 30, 2017, a shareholder (Mr. MacNeil) was indebted to the Company in the amount of $25,758. The indebtedness primarily resulted from payments made to creditors of Mr. MacNeil in excess of amounts on account of Company activities. Mr. MacNeil was also responsible for the electrical and HVAC construction of the Company's premises. During the performance of his duties, Mr. MacNeil directed the payment of $142,520 to the electrical parts supplier which was $64,895 in excess of invoices related to the project from the supplier. Mr. MacNeil's electrical services company invoiced the Company in the amount of $107,607. The excess payments to the electrical parts supplier were charged against Mr. MacNeil's electrical services company invoices to the Company. Changes to the Company's system of internal controls have been made and Mr. MacNeil no longer provides services for the Company.

Mr. John Zang, (a former director and corporate secretary of the Company) provided legal services to the Company in the amount of $30,000 after the reverse takeover and $45,000 before the reverse takeover. The Company no longer uses the legal services of Mr. Zang.

11. CONTINGENCIES AND COMMITMENTS

1. The Company's wholly owned subsidiary, Experion, has received its license to produce under the ACMPR on August 17, 2017. On January 30, 2018, Experion completed Stage 4 of the licensing process. On March 28, 2018, Experion commenced its initial harvest of medical cannabis. Experion remains subject to additional Health Canada inspections and has not received its license to sell or ship medical cannabis. Although management anticipates a license to sell be issued, there can be no assurance of same until the license to sell is issued.

2. On March 13, 2018, pursuant to section 143 of the *Canada Business Corporations Act*, the Company received a Requisition For Shareholders' Meeting from E & R Holdings Ltd. (A company controlled by Mr. Robert (Bob) Howard). The stated purpose of the meeting is (i) remove Mr. Steve Serenas (the C.E.O., Director, and Chairman of the Board) as a director of the Company; (ii) to fix the number of directors of the Company at six (6); (iii) to elect Mr. Sean MacNeil and Mr. Dan Echino as directors of the Company; and (iv) to have the Company reimburse E & R Holdings Ltd. for its costs of requisitioning, calling and holding the shareholders' meeting. No amount has been recorded in the Consolidated Financial Statements.

11. CONTINGENCIES AND COMMITMENTS (Cont'd)

3. Viridium's predecessor Morro Bay Resources Ltd. has been named in two legal actions. Dundeal Canada (GP) Inc. is seeking damages of $167,781(Alberta Court of Queen's Bench Action # 1601-14620) as a result of a sublease for office space. The litigation process will continue into the foreseeable future unless settled. No amount has been recorded in the Consolidated Financial. Ezra Jimenez is seeking damages of $35,000 plus costs (Small Claims Court, Provincial Court of British Columbia File #C17188) as a result of a dispute over consulting fees relating to a non-operational subsidiary of the Company. No amount has been recorded in the Consolidated Financial Statements.

12. FINANCIAL INSTRUMENTS

Foreign Currency Risk

As at November 30, 2017, less than 6% 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, investments and the convertible debentures issued by Experion, which currently 100% owned by Viridium. 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.

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, 2017, this amounted to $2,787,459 (2016 - $1,039,864). Since the inception of the Company, no losses have been suffered in relation to cash held by the bank.

At November 30, 2017, the receivables from government agencies was 82% of total accounts receivable. (2016 – 100%). All accounts receivable have been collected by the Company subsequent to year end.

12. FINANCIAL INSTRUMENTS (Cont'd)

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, 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 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 $157,204 (2016 - $245,189).

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.

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 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, 2017 total managed capital was comprised of shareholders' equity and debt of $5,814,669 (November 30, 2016 - $1,279,890).

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.

15. SUBSEQUENT EVENTS

On March 13, 2018, pursuant to section 143 of the *Canada Business Corporations Act*, the Company received a Requisition For Shareholders' Meeting from E & R Holdings Ltd. (A company controlled by Mr. Robert (Bob) Howard). The stated purpose of the meeting is (i) remove Mr. Steve Serenas (the C.E.O., Director, and Chairman of the Board) as a director of the Company; (ii) to fix the number of directors of the Company at six (6); (iii) to elect Mr. Sean MacNeil and Mr. Dan Echino as directors of the Company; and (iv) to have the Company reimburse E & R Holdings Ltd. for its costs of requisitioning, calling and holding the shareholders' meeting.

On March 16, 2018, the Company made changes to the Board of Directors and management including (i) the resignation of Mr. Steve Serenas as C.E.O., Director and Chairman of the Board; (ii) the appointment of Mr. Michael Steele as Chairman of the Board; and (iii) the appointment of Mr. Jarrett Malnarick as C.E.O of the Company.

15. SUBSEQUENT EVENTS (Cont'd)

On March 16, 2018, E & R Holdings Ltd. filed an Early Warning Report, pursuant to National Instrument 62-103, regarding it and certain other shareholders of the Company whom are acting jointly. According to the filing, E & R Holdings Ltd. is acting jointly with Robert (Bob) Howard, Sean MacNeil, 0809823 B.C. Ltd (a company controlled by Mr. MacNeil), Viridium Blue Investments Ltd. (a company controlled by Mr. MacNeil), Dan Echino, 1107569 B.C. Ltd. (a company controlled by Mr. David Ferrigno) and Allen Echino.

Subsequent to year end, 418,750 warrants were exercised for gross proceeds of $335,000.

Subsequent to year end, 500,00 stock options were granted at an exercise price of $1.31 per share.