VIRIDIUM PACIFIC GROUP LTD.

(formerly Morro Bay Resources Ltd.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MAY 31, 2018 AND 2017

(UNAUDITED)

(IN CANADIAN DOLLARS)

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

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NOTICE OF NO AUDITOR REVIEW OF

INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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

	Note	May 31, 2018	November 30, 2017
		(Unaudited)	(Audited)
ASSETS			
Current			
Cash and cash equivalents		$ 1,824,548	$ 2,597,108
Amounts receivable	5, 9	186,639	216,109
Inventory	6	240,025	-
Biological assets	6	69,273	-
Prepaid expenses and deposits		36,636	25,522
		2,357,121	2,838,739
Non-current			
Property, plant and equipment	7	3,288,624	2,975,930
		$ 5,645,745	$ 5,814,669
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9	$ 377,929	$ 166,837
		377,929	166,837
SHAREHOLDERS' EQUITY			
Share capital	8	9,234,049	7,857,909
Reserves	8	1,674,337	1,486,654
Deficit		(5,640,570)	(3,696,731)
		5,267,816	5,647,832
		$ 5,645,745	$ 5,814,669

Nature of operations and going concern (Note 1)
Contingencies and commitments (Note 11)
Events after the reporting period (Note 15)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on July 24, 2018.

On behalf of the Board of Directors:

Director "Harry McWatters" *Director "Gary Purewal"*

See accompanying notes to the condensed consolidated interim financial statements

VIRIDIUM PACIFIC GROUP LTD.
(formerly Morro Bay Resources Ltd.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited, presented in Canadian Dollars)

	Note	For the three months ended May 31 2018	For the three months ended May 31 2017	For the six months ended May 31 2018	For the six months ended May 31 2017
Revenue					
Production sales		$ -	$ -	$ -	$ -
Production cost of sales		-	-	(60,176)	-
Gross profit (loss) before fair value adjustments		-	-	(60,176)	-
Unrealized gain on change of fair value of biological assets	6	63,438	-	63,438	-
Gross profit (loss)		63,438	-	3,262	-
Expenses					
Amortization		987	-	987	-
Facility costs		10,441	-	97,927	-
General and administrative		262,173	63,359	636,110	92,818
Professional fees		176,812	21,751	242,326	53,980
Salaries and wages		43,053	-	133,977	-
Sales and marketing		26,569	8,677	41,984	8,677
Share-based compensation		313,932	-	793,790	-
		833,968	93,787	1,947,101	155,475
Net loss before income taxes		(770,530)	(93,787)	(1,943,839)	(155,475)
Total comprehensive loss for the period		$ (770,530)	$ (93,787)	$ (1,943,839)	$ (155,475)
Basic and diluted loss per share		$ (0.02)	$ (0.01)	$ (0.04)	$ (0.01)
Weighted average number of common shares outstanding		46,680,984	13,333,333	46,208,007	12,410,256

See accompanying notes to the condensed consolidated interim financial statements

VIRIDIUM PACIFIC GROUP LTD.
(formerly Morro Bay Resources Ltd.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(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, 2016 (Audited)	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	-
Net loss and comprehensive loss	-	-	-	-	-	(155,475)	(155,475)
Balance as at May 31, 2017 (Unaudited)	10,833,333	2,507,500	-	-	-	(245,759)	2,261,741
Reverse takeover share split	23,102,424	-	-	-	-	-	-
Reverse takeover shares issued	3,386,539	1,557,521	-	-	-	-	1,557,521
Shares and warrants to purchase convertible debentures	1,771,962	855,857	207,320	-	-	-	1,063,177
Private placement - September 28, 2017	5,500,000	2,970,000	330,000	-	-	-	3,300,000
Agent's options - September 28, 2017	-	-	-	79,107	-	-	79,107
Private placement - November 14, 2017	986,111	285,873	305,694	-	-	-	591,567
Issuance costs	-	(318,842)	(41,889)	-	-	-	(360,731)
Share-based compensation	-	-	-	-	606,422	-	606,422
Net loss and comprehensive loss	-	-	-	-	-	(3,450,972)	(3,450,972)
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	880,167	1,018,088	(313,954)	-	-	-	704,134
Agent's options exercised	47,330	36,159	2,768	(10,528)	-	-	28,399
Shares issued in lieu of settlement fee	44,118	37,500	-	-	-	-	37,500
Share-based compensation	498,875	284,393	-	-	509,397	-	793,790
Net loss and comprehensive loss	-	-	-	-	-	(1,943,839)	(1,943,839)
Balance as at May 31, 2018 (Unaudited)	**47,050,859**	**$9,234,049**	**$ 489,939**	**$ 68,579**	**$ 1,115,819**	**$(5,640,570)**	**$ 5,267,816**

See accompanying notes to the condensed consolidated interim financial statements

VIRIDIUM PACIFIC GROUP LTD.
(formerly Morro Bay Resources Ltd.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited, presented in Canadian Dollars)

		For the six months ended May 31	
Cash provided by (used for):	**Note**	**2018**	**2017**
Operating activities			
Net loss		$ (1,943,839)	$ (155,475)
Items not involving cash:			
Amortization		987	-
Share-based compensation		793,790	-
Unrealized gain on change of fair value of biological assets		(63,437)	-
Settlement fee paid in lieu of common shares		37,500	-
Changes in non-cash working capital items:			
Amounts receivable		29,470	(37,894)
Inventory		(166,350)	-
Biological assets		(5,835)	-
Prepaid expenses and deposits		(11,114)	-
Accounts payable and accrued liabilities		211,091	(172,670)
Cash used in operating activities		(1,117,737)	(366,039)
Investing activities			
Purchase of property, plant and equipment	7	(387,356)	(775,022)
Cash used in investing activities		(387,356)	(775,022)
Financing activities			
Issuance of common shares	8	732,533	1,400,000
Due to shareholders		-	4,220
Share subscription receivables		-	100,000
Cash provided by financing activities		732,533	1,504,220
Net increase in cash and cash equivalents		(772,560)	363,159
Cash and cash equivalents - beginning of the period		2,597,108	907,408
Cash and cash equivalents - end of the period		$ 1,824,548	$ 1,270,567
Components of cash and cash equivalents			
Cash		$ 1,824,548	$ 745,567
Cashable term deposit		-	525,000
		$ 1,824,548	$ 1,270,567

Supplemental disclosure with respect to cash flows (Note 10)

See accompanying notes to the condensed consolidated interim financial statements

1. NATURE OF BUSINESS AND GOING CONCERN

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

The condensed interim consolidated financial statements as at and for the six months ended May 31, 2018 include Viridium Pacific Group Ltd. and its wholly-owned subsidiaries (together referred to as the "Company"). The Company's wholly-owned subsidiaries include Experion Biotechnologies Inc. ("Experion"), Fish Trap Ventures Ltd. ("Fish Trap") and Stave Lake Services Ltd. ("Stave Lake"). Experion is a licensed producer 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 principal activity of Fish Trap is the ownership of land and leasing of land to Experion. The principal activity of Stave Lake is the hiring of personnel and providing contract services to Experion.

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

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

During the six months ended May 31, 2018, the Company did not generate any revenue and incurred a net loss and comprehensive loss of $1,943,839 (2017 - $155,475). The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing, as 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. Furthermore, there is 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.

These Condensed Interim 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

Statement of Compliance

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

Basis of preparation

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

The preparation of these condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

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

Use of estimates and judgments

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

Management has applied significant estimates and assumptions related to the following:

<u>Biological assets</u>
Management is required to make a number of estimates in calculating the fair value of biological assets. These estimates include a number of assumptions such as estimating the stage of completion, harvesting costs, sales prices and expected yields.

The Company measures biological assets consisting of cannabis plants at fair value less costs to sell up to the point of harvest, which becomes the basis of the cost of finished goods inventories subsequent to harvest. Unrealized gains or losses arising from changes in fair value less cost to sell during the period are included in the results of operations of the related period.

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

2. BASIS OF PRESENTATION *(Continued)*

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the May 31, 2018 reporting period. The Company has not early adopted the following new and revised standards, amendments and interpretations that have been issued but are not yet effective:

- IFRS 9 (Amended 2010) Financial Instruments (effective January 1, 2018)
- IFRS 15 Revenue from Contracts with Customers (effective January 1, 2018)
- IFRS 16 Leases (effective January 1, 2019)

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

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended November 30, 2017.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended November 30, 2017. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the six month period ended May 31, 2018 are not necessarily indicative of the results that may be expected for the current fiscal year ending November 30, 2018.

Certain comparative figures have been reclassified to conform to the current period's presentation.

4. REVERSE TAKEOVER

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

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

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

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

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

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

(Unaudited, presented in Canadian Dollars)

4. REVERSE TAKEOVER *(Continued)*

The allocation of the fair value transferred is as follows:

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

5. AMOUNTS RECEIVABLE

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

	May 31, 2018	**November 30, 2017**
GST receivable	$ 80,504	$ 156,227
Accounts receivable	106,135	59,882
	$ 186,639	$ 216,109

(Unaudited, presented in Canadian Dollars)

6. BIOLOGICAL ASSETS AND INVENTORY

The Company's biological assets consist of 876 cannabis plants as at May 31, 2018. The continuity of biological assets is as follows:

	May 31, 2018	November 30, 2017
Seeds	$ 5,835	$ -
Changes in fair value less costs to sell due to biological transformation	63,438	-
	$ 69,273	$ -

All biological assets are considered current. 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.

As at May 31, 2018, included in the carrying amount of inventory is 63,675 grams of dry cannabis (November 30, 2017 – nil) value at $239,015 that has been quality assured and is awaiting release for sale. Inventory was comprised of the following items:

	May 31, 2018	November 30, 2017
Harvested cannabis	$ 239,015	$ -
Supplies and consumables	1,011	-
Carrying amount	$ 240,025	$ -

(Unaudited, presented in Canadian Dollars)

7. PROPERTY, PLANT AND EQUIPMENT

A continuity of property, plant and equipment for the period ended May 31, 2018 and November 30, 2017 is as follows:

	Land	Building	Production equipment	Computer hardware	Computer software	Office equipment	Total
Cost							
As at November 30, 2016	$ -	$ 251,765	$ -	$ -	$ -	$ -	$ 251,765
Additions during the year	1,018,900	1,540,194	96,864	47,153	12,082	17,828	2,733,021
As at November 30, 2017	1,018,900	1,791,959	96,864	47,153	12,082	17,828	2,984,786
Additions during the period	25,025	287,513	65,500	1,942	-	7,376	387,356
As at May 31, 2018	$ 1,043,925	$ 2,079,472	$ 162,364	$ 49,095	$ 12,082	$ 25,204	$ 3,372,142
Accumulated amortization							
As at November 30, 2016	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amortization for the year	-	-	-	7,073	-	1,783	8,856
As at November 30, 2017	-	-	-	7,073	-	1,783	8,856
Amortization for the period	-	47,530	17,446	6,085	1,812	1,789	74,662
As at May 31, 2018	$ -	$ 47,530	$ 17,446	$ 13,158	$ 1,812	$ 3,572	$ 83,518
Net book value							
As at November 30, 2017	$ 1,018,900	$ 1,791,959	$ 96,864	$ 40,080	$ 12,082	$ 16,045	$ 2,975,930
As at May 31, 2018	$ 1,043,925	$ 2,031,942	$ 144,918	$ 35,937	$ 10,270	$ 21,632	$ 3,288,624

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

8. SHARE CAPITAL

a) Authorized:

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

b) Issued:

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

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

8. SHARE CAPITAL *(Continued)*

b) Issued: *(Continued)*

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

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

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

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

(Unaudited, presented in Canadian Dollars)

8. SHARE CAPITAL *(Continued)*

b) Issued: *(Continued)*

During the six months ended May 31, 2018, the Company:

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

v) Issued 880,167 common shares upon the exercise of common share purchase warrants at $0.80 per warrant for proceeds of $704,134.

vi) Issued 47,330 common shares upon the exercise of finder's options at $0.60 per finder's option for proceeds of $28,399.

vii) Issued 498,875 common shares at a deemed value of $284,393 pursuant to the Restricted Share Unit Plan to its consultants.

c) Warrants

The continuity of warrants for the six months ended May 31, 2018 is as follows:

Expiry date	Exercise price ($)	November 30, 2016	Issued	Exercised	November 30, 2017	Issued (a)		Exercised	May 31, 2018
June 27, 2018	0.80	-	2,750,000	-	2,750,000	23,665	(b)	(463,500)	2,310,165
June 27, 2018	0.80	-	493,056	-	493,056	-	(c)	(416,667)	76,389
June 27, 2018	0.80	-	1,771,962	-	1,771,962	-	(d)	-	1,771,962
Warrants outstanding		-	5,015,018	-	5,015,018	23,665		(880,167)	4,158,516
Weighted average exercise price ($)		$ -	$ 0.80	$ -	$ 0.80	$ 0.80		$ 0.80	$ 0.80

(a) Warrants were issued as a result of the exercise of Finder's Options.
(b) Subsequent to May 31, 2018, 1,251,520 warrants were exercised and the remaining warrants expired.
(c) Subsequent to May 31, 2018, 45,833 warrants were exercised and the remaining warrants expired.
(d) Subsequent to May 31, 2018, 50,340 warrants were exercised and the remaining warrants expired.

As at May 31, 2018, the weighted average contractual remaining life of warrants is 0.07 years (November 30, 2017 – 0.58 years).

The weighted average assumptions used to estimate the fair value of warrants for the six months ended May 31, 2018 and for the year ended November 30, 2017 were as follows:

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

(Unaudited, presented in Canadian Dollars)

8. SHARE CAPITAL *(Continued)*

d) Finder's Options

The continuity of finder's options for the six months ended May 31, 2018 is as follows:

Expiry date	Exercise price ($)	November 30, 2016	Issued	Exercised	November 30, 2017	Issued	Exercised	May 31, 2018
June 27, 2018 (a)	0.60	-	355,670	-	355,670	-	(47,330)	308,340
Finder's Options outstanding		-	355,670	-	355,670	-	(47,330)	308,340
Weighted average exercise price ($)		$ -	$ 0.60	$ -	$ 0.60	$ -	$ 0.60	$ 0.60

(a) Each finder's option is exercisable into one common share and a half warrant. Each full warrant is exercisable at $0.80 until June 27, 2018. Subsequent to May 31, 2018, 306,660 finder's options were exercised and the remaining expired.

As at May 31, 2018, the weighted average contractual remaining life of finder's options is 0.07 years (November 30, 2017 – 0.58 years).

The weighted average assumptions used to estimate the fair value of finder's options for the six months ended May 31, 2018 and for the year ended November 30, 2017 were as follows:

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

e) Share-Based Compensation

The Company has a Stock Option Plan that is administered by the Board of Directors of the Company who establish the number of options granted, exercise prices, at not less than market price at the date of grant, expiry dates, and vesting conditions. The Company also has a Restricted Share Unit Plan that is administered by the Board of Directors of the Company who establish the number of restricted share units ("RSUs") granted, expiry dates and vesting conditions. RSUs have no exercise price. The maximum number of common shares reserved for issuance for options and RSUs that may be granted under the plan is 10% of the common shares outstanding, which amounts to 4,705,085 at May 31, 2018. The vesting terms on the issued options and RSUs can vary based on the following:

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

(Unaudited, presented in Canadian Dollars)

8. SHARE CAPITAL *(Continued)*

e) Share-Based Compensation *(Continued)*

The continuity of options for the six months ended May 31, 2018 is as follows:

Expiry date	Exercise price ($)	November 30, 2016	Granted	Expired / forfeited	November 30, 2017	Granted	Expired / forfeited	May 31, 2018
June 30, 2018 [(a)]	1.80	8,325	-	-	8,325	-	-	8,325
October 6, 2019	0.60	-	600,000	(75,000)	525,000	-	-	525,000
December 1, 2019	1.31	-	-	-	-	50,000	-	50,000
March 21, 2020	0.94	-	-	-	-	75,000	-	75,000
March 23, 2020	3.60	8,325	-	-	8,325	-	-	8,325
March 23, 2020	7.21	8,325	-	-	8,325	-	-	8,325
October 6, 2022	0.60	-	750,000	-	750,000	-	-	750,000
Options outstanding		24,975	1,350,000	(75,000)	1,299,975	125,000	-	1,424,975
Options exercisable		24,975	-	-	699,975	20,835	-	935,367
Weighted average exercise price ($)		$ 4.20	$ 0.60	$ -	$ 0.67	$ 1.09	$ -	$ 0.71

(a) Subsequent to May 31, 2018, these options expired.

Subsequent to May 31, 2018, a total of 1,259,250 options were granted to its directors, officers and consultants at exercise prices ranging from $0.81 and $0.91, expiring on June 14, 2021 to June 21, 2021.

As at May 31, 2018, the weighted average contractual remaining life of options is 2.96 years (November 30, 2017 – 3.60 years).

The weighted average assumptions used to estimate the fair value of options for the six months ended May 31, 2018 and for the year ended November 30, 2017 were as follows:

	2018	2017
Risk-free interest rate	1.85-1.88%	1.46-1.70%
Expected stock price volatility	119.39-119.91%	100.00%
Expected option life in years	1.5 years	2 to 5 years
Expected dividend in yield	Nil	Nil
Forfeiture rate	Nil	Nil

(Unaudited, presented in Canadian Dollars)

8. SHARE CAPITAL *(Continued)*

e) Share-Based Compensation *(Continued)*

The continuity of RSUs for the six months ended May 31, 2018 is as follows:

Expiry date	Deemed price ($)	November 30, 2016	Granted	Cancelled	November 30, 2017	Granted	Exercised	May 31, 2018
October 6, 2018 [(a)]	0.54	-	2,721,375	(774,000)	1,947,375	-	(448,875)	1,498,500
December 20, 2018	0.84	-	-	-	-	50,000	(50,000)	-
December 31, 2019	0.94	-	-	-	-	75,000	-	75,000
RSUs outstanding		-	2,721,375	(774,000)	1,947,375	125,000	(498,875)	1,573,500
RSUs vested		-	-	-	-	50,000	-	749,250

(a) Subsequent to May 31, 2018, 1,149,250 RSUs were cancelled and another 199,625 RSUs were exercised into common shares.

Subsequent to May 31, 2018, 349,625 RSUs were granted to its consultants and these RSUs were immediately vested and exercised into common shares at $0.81 per share.

As at May 31, 2018, the weighted average contractual remaining life of RSUs is 0.41 years (November 30, 2017 – 0.83 years).

f) Escrow shares

21,167,581 shares were placed in escrow in accordance with the escrow agreement dated September 25, 2017. 10% of the escrowed common shares were released on October 6, 2017 and 15% will be released thereafter every 6 months. As of May 31, 2018, there were 15,875,686 common shares (November 30, 2017 – 19,050,823) held at escrow.

(Unaudited, presented in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

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

	Six months ended May 31	
	2018	2017
Management compensation	$ 389,680	$ 60,000
Directors' fees	19,500	-
Share-based payments [1]	572,057	-
	$ 981,237	$ 60,000

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

(b) Goods and services

The Company incurred the following transactions with related parties during the six months ended May 31, 2018:

	Six months ended May 31	
	2018	2017
Consulting fee paid or payable to a company in which an officer of the Company has control over	$ 9,800	$ -
Operational fees paid or payable to a company owned by a director of the Company	24,711	-
	$ 34,511	$ -

(c) Related party balances

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

	May 31 2018	November 30 2017
(i) Former officer and directors	$ 105,452	$ -
(ii) Companies controlled by director and officer of the Company [1]	34,454	-
(ii) Director	1,000	-

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

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash investing and financing transactions during the period ended May 31, 2018 were as follows:

- The Company recorded $313,954 (2017 - $nil) as the fair value of the warrants exercised during the period.
- The Company recorded $7,760 (2017 - $nil) as the fair value of the agent's options exercised during the period.
- The Company recorded $284,393 (2017 - $nil) as the fair value of the RSUs exercised during the period.
- The Company recorded $73,675 (2017 - $nil) as the amortization amount which was capitalized as inventory as at the end of the period.

11. CONTINGENCIES AND COMMITMENTS

a) 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. Between April 30, 2018 and May 3, 2018, Health Canada performed an annual inspection on Experion and between June 25, 2018 and June 27, 2018, Health Canada performed a pre-sales inspection, both of which were required prior to Experion receiving its license to sell. Experion remains subject to additional Health Canada inspections and has not received its license to sell or ship medical cannabis. Although management anticipates that a license to sell be issued, there can be no assurance of same until the license to sell is issued.

b) 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.

12. FINANCIAL INSTRUMENTS

Foreign Currency Risk

As at May 31, 2018, less than 1% of the Company's financial assets are denominated in a currency other than Canadian dollars. The Company has very limited currency risk.

Interest Rate Risk

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

12. FINANCIAL INSTRUMENTS *(Continued)*

Credit Risk

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

The carrying amount of cash and cash equivalents, and amounts receivable represents the maximum exposure to credit risk and at May 31, 2018, this amounted to $1,905,735 (November 30, 2017 - $2,813,217). Since the inception of the Company, no losses have been suffered in relation to cash held by the bank.

At May 31, 2018, the receivables from government agencies were 99% of total accounts receivable. (November 30, 2017 – 82%).

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 six months ended May 31, 2018, the Company received $732,533 in proceeds from the exercise of warrants and finder's options; while during the year ended November 30, 2017, the Company completed several equity financings for gross cash proceeds of $5,291,567. The Company also completed a convertible debenture offering for cash proceeds of $906,000 and services of $150,000.

In addition to the commitments disclosed in Note 10, the Company is obligated to the following contractual maturities of undiscounted cash flows, which are due within a year: Accounts payable and accrued liabilities $342,475 (November 30, 2017 - $166,837).

Fair Values

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

12. FINANCIAL INSTRUMENTS *(Continued)*

Fair Value Hierarchy

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

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

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

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

During the period, 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 May 31, 2018 total managed capital was comprised of shareholders' equity and debt of $5,645,745 (November 30, 2017 - $5,814,669).

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

The Company is not subject to externally imposed restrictions.

15. EVENTS AFTER THE REPORTING PERIOD

Subsequent to May 31, 2018, the Company issued 1,347,693 common shares upon the exercise of share purchase warrants and 306,660 common shares upon the exercise of agent's options for total gross proceeds of $1,262,150. The Company also issued a total of 549,250 common shares upon the exercise of restricted share units.