VIRIDIUM
PACIFIC GROUP LTD.

VIRIDIUM PACIFIC GROUP LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED NOVEMBER 30, 2018

INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Viridium Pacific Group Ltd. ("Viridium" or the "Company") and has been prepared based on information known to management as of March 15, 2019. This MD&A is intended to help the reader understand the consolidated financial statements of Viridium.

The following information should be read in conjunction with the audited consolidated financial statements as at November 30, 2018 and 2017 and the related notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A provides a review of the performance of the Company for the year ended November 30, 2018. Additional information relating to the Company can be found on SEDAR www.sedar.com.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable.

The Company's board of directors follows recommended corporate-governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management regularly to review the consolidated financial statements, including the MD&A, and to discuss other financial, operating and internal-control matters.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward looking information or forward-looking statements under applicable securities laws (collectively, "forward-looking statements"). These statements relate to future events or future performance, business prospects or opportunities of the Company and its subsidiaries. All statements other than statements of historical fact may be forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "forecast", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward looking statements".

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The reader of these statements is cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties relating to, among others: market price of cannabis; securing product supply; continued availability of capital financing and general economic, market or business conditions; reliance on cultivation, production and sales licenses to produce and sell medical cannabis issued to the Company under the Cannabis Act and its ability to maintain these licenses; regulatory risks relating to the Company's compliance with the Cannabis Regulations; regulatory approvals for expansion of current production facility; the Company's reliance on its licenses to cultivate and sell cannabis under the Cannabis Act and its abilities to maintain such licenses; the Company's ability to execute its expansion plan; changes in laws, regulations and guidelines; changes in government; changes in government policy; increased competition in the cannabis market; the limited operating history of the Company; the Company's reliance on key persons; failure of counterparties to perform contractual obligations; difficulties in securing additional financing; unfavourable publicity or consumer perception of the cannabis industry; the impact of any negative scientific studies on the effects of cannabis; demand for labour; difficulties in construction or in obtaining qualified contractors to complete the expansion of the greenhouse; actual operating and financial performance of facilities, equipment and processes relative to specifications and expectations; results of litigation; changes in the Company's overall business strategy; restrictions of the TSX Venture Exchange on the Company's business; and the Company's assumptions stated herein being correct. See "Risks and Uncertainties" described in this MD&A.

The Company believes that the expectations reflected in any forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. Actual results may differ materially from those expressed or implied by such forward-looking statements.

ADDITIONAL INFORMATION

Financial statements, MD&A's and additional information relevant to the Company and the Company's activities can be found on SEDAR at www.sedar.com, and/or on the Company's website at www.viridiumpacific.com.

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1. Company Overview

Viridium is a publicly traded corporation listed on the TSX Venture Exchange under the trading symbol "VIR". The Company operates through its wholly-owned subsidiaries, Experion Biotechnologies Inc. ("Experion"), EFX Laboratories Inc. ("EFX"), Fish Trap Ventures Ltd. ("Fish Trap") and Stave Lake Services Ltd. ("Stave Lake"). Experion is a licensed Standard Cultivator, Producer and seller of medical cannabis in Canada. The principal activity of Experion is the production, possession, sale and shipping of cannabis and cannabis products as regulated by the Cannabis Act. The principle activity of Fish Trap is the ownership of land, assets and leasing of land. The principle activity of Stave Lake Services is the hiring of personnel and providing contract services to Experion. The principle activity of EFX is the production of medical products based on clinical trial studies.

Over the past fiscal year, Experion has focused its efforts on attaining Health Canada license approvals, bringing the Company's licensed indoor facility in Mission BC to full operating status and expanding capacity internally and externally on the existing property. Experion continued to achieve numerous licensing and commercial development milestones during the year ended November 30, 2018. On January 4, 2018, Experion received genetics and started cultivation. In April 2018, Experion had its annual inspection conducted by Health Canada resulting in a high rating of compliance. On August 18, 2018, Experion received its licence to sell from Health Canada allowing Experion to distribute medical cannabis on a wholesale basis. It received its starting materials, direct to client sales and oil license in the following month with wholesale revenue starting in September 2018. As of the date hereof, Experion has a Standard Cultivation and Processing License as well as the License to Sell for Medical Purposes.

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

EFX is a Canadian biotech company located in Calgary focused on medical cannabis applications and treatments and has developed several proprietary formulations for pain control, as well as a suite of value-added wellness products. Key products of EFX include a proprietary two piece pill for postoperative pain control actively being prepared for a phase III clinical trial and over 50 market tested wellness formulas and products ranging from creams, tinctures, sprays and oils.

The acquisition of EFX was completed on February 11, 2019. See section 2(e) below for details.

2. Operations

Below are milestones achieved by the Company during fiscal year ended November 30, 2018 and subsequently.

2(a) Licensing update

- Received licence to sell wholesale: Experion's primary licensing goal is to obtain approval from Health Canada for distribution of cannabis products (the licence to sell). To this end, Experion received its licence to sell from Health Canada on August 18, 2018. Specifically, this licence allows Experion to distribute medical cannabis on a wholesale basis.

- Received Starting Material Sales License: This License allows Experion to sell starter material for both commercial and personal use (for medical reasons).

- Received Direct to Patient Medical Sales License: This License allows Experion to sell medical dried flower direct to qualified Patients across Canada.

- Received license allowing for the production and possession of cannabis oil: this license permits Experion to purchase oils, create oils through the extraction process, conduct formulations, and destroy and store finished goods. Experion will start to produce cannabis oil within its current facility located in Mission, B.C., and expects to become production capable with an oil processing sales licence under the Cannabis Act in 2019, in time for the expected legalization of edibles and infused beverages for the adult-use market in Canada.

- Preparing for the new regulatory framework: Experion transitioned its licence to fall under the jurisdiction of the Cannabis Act as required by Health Canada and its new licensing and tracking system. In addition, Experion received its excise tax licence number during the year. These developments were part of the compliance process required to distribute under the Cannabis Act, which came into effect on October 17, 2018.

2(b) Commercial distribution and sales update

- Domestic distribution: The discussions with prospective buyers of Experion's wholesale medical cannabis, which Experion entered in the second quarter, are continuing. The Company announced Experion completing its first transaction during the fourth quarter of fiscal 2018.

- International distribution: On the international front, Experion has entered discussions with a German concern to help obtain a domestic cultivation licence and arrange an export supply agreement into Europe. On December 27, 2018, the Company announced it signed an agreement with INOPHA GmbH ("INOPHA"), a pharmaceutical distributor for the German market to enter the tender process within Germany and acquire a license to cultivate medical cannabis. Viridium has already consulted and helped INOPHA submit the application for public procurement tender requested by the German Federal Institute for Drugs and Medical Devices on December 11, 2018 to obtain a license to cultivate medical cannabis.

- Adult-use distribution: Experion signed a supply agreement memorandum of understanding with the British Columbia Liquor Distribution Branch (BCLDB), the provincial wholesaler for all adult-use cannabis in British Columbia. Furthermore, Experion is negotiating with the largest private retail wholesaler in Saskatchewan for adult-use cannabis.

- On October 1, 2018, the Company announced it completing its first sale of dried medical cannabis to one of the largest licensed producers in Canada, headquartered in British Columbia. The buyer of Experion's first commercially available product is one of Canada's industry leaders in medical cannabis cultivation and research with one of the longest records of excellence and quality.

- On October 11, 2018, the Company announced its second sale of dried medical cannabis to Emerald Health Therapeutics Canada Inc., a licensed producer headquartered in Victoria, B.C.

- On December 18, 2018, the Company announced that Experion launched its first adult-use cannabis brand, Citizen Stash.

- On February 14, 2019, the Company announced that Experion signed a supply agreement with the BCLDB and will supply a variety of adult-use cannabis products throughout British Columbia through the BCLDB under the Citizen Stash brand.

- On February 21, 2019, the Company announced that Experion's retail brand, Citizen Stash, had been shipped to the distribution centre and would be available online and at selected retail locations. Citizen Stash's first retail strain, Lemon Zkittle, is a hybrid with approximately 60% sativa with mid to high THC (tetrahydrocannabinol) levels and a sour citrus aroma as well as a distinct lemon taste. The strain offers recreational adult users a product that is relaxing and consistent in its quality and effects. Lemon Zkittle is available in dried flower. However, Experion is actively working on prerolls and oils to complement the offering.

- On February 27, 2019, the Company announced that it signed an exclusive supply agreement with Open Fields Distribution (“Open Fields”), a wholly owned subsidiary of Fire and Flower Holdings Corp., supplying the Saskatchewan retail market.

  Under the terms of the agreement, Experion will supply a variety of Adult-Use retail cannabis products throughout Saskatchewan exclusively through Open Fields. Open Fields is a wholesale distribution company located in Saskatchewan specialising in supplying cannabis products throughout the province to registered retailers.

  Initial products will include cannabis flower under the Citizen Stash brand. Experion is activity preparing its first shipment and will keep the market informed of product availability and new offerings as they become available. In order to become a cannabis supplier in the province of Saskatchewan, Experion became a registered supplier with the Saskatchewan Liquor and Gaming Authority on January 28, 2019.

2(c) Genetics update

- British Columbia Institute of Technology (BCIT) partnership: Experion announced a partnership with BCIT on July 19, 2018. The Company expects this partnership to be a cornerstone in Experion's commercial genetics portfolio development and identification.

- Experion also received over 50 seeds from the Netherlands and Europe. Experion has germinated ten new strains in the year, now having twelve under mother cultivation. The 10 new strains included Lemon Zittle, Passion Fruit, Orange Bud, Blueberry, Master Kush, Strawberry Kush, Euphoria and others with high retail and medical attributes.

2(d) Corporate development update

- Communications: Viridium launched an updated communications strategy in the year. The first phase of the plan consisted of the retaining of Renmark Financial Communications as the Company's investor relations agent and engaging Kika Marketing to help execute the Company's marketing strategy and refresh the Company's Web properties, namely the Viridium Pacific and Experion Biotech websites. The new Viridium Pacific website launched in the fourth quarter of fiscal 2018. Kika Marketing has also been engaged and has commenced developing a branding strategy for Experion's adult-use product portfolio and to launch the Company's social media presence.

- Capital markets update: Viridium retained Integral Wealth Securities Ltd. to make a market in the Company's shares, with the goal of increasing the average daily volume.

- The Company’s trading symbol for the common shares on the over-the-counter (OTC) markets in the United States has been changed to “VIRFF” effective August 20, 2018 to better align with the Company's symbol “VIR” on the TSX Venture Exchange.

- The Company signed a letter of intent with Montreal Medical Cannabis Inc. (MMCI) to establish a partnership in Pointe Claire, Quebec. With only a few Canadian licensed producers headquartered in the province, Quebec represents a significant opportunity for Viridium to establish licensed cannabis cultivation and distribution. Pursuant to the letter of intent, the Company will provide expertise to help prepare the MMCI facility for Health Canada inspections and expedite the application process under Experion. Furthermore, MMCI and Viridium will agree to an exchange of shares. The MMCI team has a long record of cannabis industry excellence, with significant cultivation experience, above average yields, established genetics and distribution relationships. The facility currently under renovation is 76,000 square feet with an anticipated output of cannabis over 10,000 kilograms per year. As of December 2018, the LOI has expired and any final definitive agreements or formal supply agreement will be considered once MMCI has obtained its cultivation license with Health Canada.

- The Company appointed Jay Garnett to the position of president and chief executive officer, commencing October 15, 2018, while Jarrett Malnarick transitioned to the role of senior vice president and chief operating officer.

- On February 25, 2019, the Company graduated from Tier 2 to Tier 1 on the TSX Venture Exchange. Tier 1 is reserved for the most advanced issuers with the most significant financial resources on the TSX Venture Exchange.

2(e) Merge with EFX

- On January 7, 2019, the Company entered into an Amalgamation Agreement with EFX. Pursuant to the Amalgamation Agreement, Viridium would acquire all of the issued and outstanding EFX Shares by the issuance of common shares in the capital of Viridium (the "Viridium Shares"), which would be issued on the basis of one Viridium Share for every 2.57 EFX Shares. The completion of the Amalgamation is subject to the satisfaction of a number of conditions, including but not limited to, TSX Venture Exchange acceptance and EFX shareholder approval.

  The Amalgamation is consistent with Viridium's stated goal of producing a strong portfolio of cannabis brands and products for the Canadian medical, wellness, and export markets and Viridium believes the financial and strategic benefits of the Amalgamation are uniquely compelling to shareholders of both Viridium and EFX. Both Viridium and EFX believe the Amalgamation provides a strong go-forward strategy that will create a long term sustainable growth company focused on the "3rd wave" of investment which includes cannabis biotech applications in the retail consumer product market.

  The Amalgamation is expected to accelerate the completion of Viridium's and EFX's business initiatives in the next 24 to 36 months. On completion of the Amalgamation, the combined company will be fully-funded to execute its business initiatives with a strong balance sheet with more than $10 million cash on hand. Viridium, as combined with EFX, will be vertically integrated from seed to value added product, and is expected to have all of the Health Canada licences it requires to execute its business strategy.

- On February 11, 2019, the Company announced that the Amalgamation with EFX was completed, issuing 49,412,781 shares to EFX shareholders and 1,089,491 options for all out-of-the-money EFX options.

For further information, please see the news releases on the Company's website at www.viridiumpacific.com or at www.sedar.com.

3. Risks and Uncertainties

The Company's overall performance and results of operations are subject to a number of risks and uncertainties, of which the below are considered to be the Company's principal risks.

Volatile Market Price of the Common Shares The market price of the common shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of common shares to sell their securities at an advantageous price. Market price fluctuations in the common shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the common shares.

Financial markets historically at times experience significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the common shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the common shares may be materially adversely affected.

Risk Factors Related to Dilution The Company may issue additional common shares in the future, which may dilute a shareholder's holdings in the Company. The Company's articles permit the issuance of an unlimited number of common shares, and shareholders will have no preemptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of issue of further issuances. Moreover, additional common shares will be issued by the Company on the exercise of options under the Company's stock option plan and upon the exercise of outstanding warrants.

Reliance on Key Personnel The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management (collectively, "Key Personnel"). The Company's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of a Key Person, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. Further, as a Licensed Producer, each Key Person is subject to security clearance by Health Canada. Under the Cannabis Act, a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of the Company's existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by a Key Person to maintain or renew his or her security clearance, would result in a material adverse effect on the Company's business, financial condition and results of operations. In addition, if a Key Person leaves the Company, and the Company is unable to find a suitable replacement that has a security clearance required by the Cannabis Act in a timely manner, or at all, there could occur a material adverse effect on the Company's business, financial condition and results of operations. While employment agreements are customarily used as a primary method of retaining the services of Key Personnel, these agreements cannot assure the continued services of such employees.

Environmental Regulations and Risks The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Government approvals and permits are currently, and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of medical marijuana or from proceeding with the development of its operations as currently proposed. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing the production of medical marijuana, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Reliance on a Single Facility To date, the Company's activities and resources have been primarily focused on the premises in Mission, British Columbia. The Company expects to continue the focus on this facility for the foreseeable future. Adverse changes or developments affecting the existing facility could have a material and adverse effect on the Company's ability to continue producing medical marijuana, its business, financial condition and prospects.

Regulatory Compliance The cannabis industry is a new industry in Canada and the Company is subject to the Cannabis Act and its regulations, guidelines and policies relating to the manufacture, processing, import, export, management, packaging/labelling, advertising, sale, transportation, storage and disposal of cannabis but also laws and regulations relating to drugs containing cannabis, amended security measures and outdoor cultivation. While, to the knowledge of management, the Company is currently in compliance with the Cannabis Act, any changes to such laws, regulations, guidelines and policies may have a material adverse effect on its business, financial condition and results of operations.

Reliance on Third Party Suppliers, Manufacturers and Contractors The Company intends to maintain a full supply chain for the provision of products and services to the regulated cannabis industry. Due to the novel regulatory landscape for regulating cannabis in Canada and the variability surrounding the regulation of cannabis in the United States, the Company's third party suppliers, manufacturers and contractors may elect, at any time, to decline or withdraw services necessary for the Company's operations. Loss of these suppliers, manufacturers and contractors may have a material adverse effect on the Company's business and operational results.

Risks Inherent in an Agricultural Business The Company's business involves the growing of medical cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Company expects that any such growing will be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Third Party Transportation In order for customers of the Company to receive their product, the Company must rely on third party mail and courier services. This can cause logistical problems with and delays in customers obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation and/or rising costs associated with these services may adversely affect the Company's financial performance. Moreover, security of the product during transportation to and from the Company's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financials and prospects. Any such breach could impact the Company's ability to continue operating under its licenses or the prospect of renewing its licenses.

Product Liability As a distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the sale of the Company's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Unknown adverse reactions resulting from human consumption of the Company's products alone or in combination with other medications or substances could occur. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of the Company. There can be no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company’s potential products.

Product Recalls Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Company’s products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Company has procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company’s brands were subject to recall, the image of that brand and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Company’s products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of the Company’s operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Regulatory or Agency proceedings, Investigations and Audits The Company’s business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company’s reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require the Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management’s attention and resources or have a material adverse impact on the Company’s business, financial condition and results of operation.

Information technology systems and cyber-attacks The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology (“IT”) services in connection with its operations. The Company’s operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company’s operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations. The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Insurance coverage The Company has insurance to protect its assets, operations, directors and employees. The Company also has additional insurance coverage over its crop, product liability claims and for business interruption. While the Company believes the insurance coverage addresses all material risks to which it is exposed and is adequate and customary in the current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed to. In addition, no assurance can be given that such insurance will be adequate to cover our liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, the business, results of operations and financial condition could be materially adversely affected.

Litigation The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the value of the common shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources, including the time and attention of management and available working capital. Litigation may also create a negative perception of the Company's brand.

Intellectual Property The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products and technology. Policing the unauthorized use of the Company's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as the Company may be unable to effectively monitor and evaluate the products being distributed by its competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of the Company's trademarks, patents or other intellectual property rights or other proprietary knowhow, or arrangements or agreements seeking to protect the same for the benefit of the Company, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of the Company's trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the business, financial condition and results of operations of the Company.

In addition, other parties may claim that the Company's products infringe on their proprietary rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licenses from third parties who allege that the Company has infringed on their lawful rights. However, such licenses may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favorable to it, or at all, licenses or other rights with respect to intellectual property that it does not own.

<u>Negative Consumer Perception</u> The Company believes the cannabis industry is highly dependent upon consumer perception regarding the medical benefits, safety, efficacy and quality of the cannabis distributed for medical purposes to such consumers. Consumer perception of the Company's products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements both in Canada and in other countries, media attention and other publicity (whether or not accurate or with merit) regarding the consumption of cannabis products for medical or recreational purposes, including unexpected safety or efficacy concerns arising with respect to the products of the Company or its competitors. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations and financial condition of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity (whether or not accurate or with merit), could have an adverse effect on any demand for the Company's products which could have a material adverse effect on the Company's business, financial condition and results of operations. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis for medical purposes in general, or the Company's products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately or as directed.

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4. Material Financial and Operations Information

4(a) Selected Annual Financial Information

Selected Annual Information

	2018	2017	2016
Total revenues	771,938	-	-
Expenses	5,030,350	1,936,942	32,628
(Loss) for the year	(4,805,878)	(3,606,447)	(32,628)
Basic and diluted (loss) per share	(0.10)	(0.28)	-
Total assets	5,949,459	5,814,669	1,279,890
Total long-term financial liabilities	-	-	-
Cash dividend declared - per share	-	-	-

4(b) Summary of Quarterly Results

The following is a summary of the Company's financial results for the last eight quarters:

	Feb 28 2017 Q1	May 31 2017 Q2	Aug 31 2017 Q3	Nov 30 2017 Q4
Revenue	-	-	-	-
Net (loss)	(61,688)	(93,787)	(616,194)	(2,834,778)
(Loss) per share - basic	(0.01)	(0.01)	(0.05)	(0.22)
Weighted average common shares outstanding - basic	11,100,000	13,333,333	13,333,333	12,918,861

	Feb 28 2018 Q1	May 31 2018 Q2	Aug 31 2018 Q3	Nov 30 2018 Q4
Revenue	-	-	-	771,938
Net (loss)	(1,173,309)	(770,530)	(1,398,337)	(1,463,702)
(Loss) per share - basic	(0.03)	(0.02)	(0.03)	(0.03)
Weighted average common shares outstanding - basic	45,756,186	46,680,984	48,701,778	49,271,547

4(c) Review of Operations and Financial Results

For three months ended November 30, 2018 and three months ended November 30, 2017

During the current quarter, the Company harvested 97,351 grams (2017 – nil) of dry cannabis with a value of $322,227 (2017 - $nil). The Company obtained its license to sell in August 2018 and during the quarter, it had $771,938 in sales, representing 164,851 grams of dried flower sold and 15,054 grams of trim sold (2017 - $nil).

The production cost of sales includes direct costs of $629,910, resulting in a gross profit before fair value adjustments of $142,028. The Company recognized an unrealized gain on change of fair value of biological assets of $21,557 which is the amount of cannabis plants at fair value less costs to sell up to the point of harvest during the period. As a result of this unrealized gain on change of fair value of biological assets, the Company had a gross profit of $163,585 during the three months ended November 30, 2018.

Excluding the non-cash depreciation of $3,053 (2017 - $8,856) and share-based payments of $528,359 (2017 - $603,557), the Company's other expenses amount to $1,095,875 (2017 - $561,791), an increase of $534,084. With the Company obtaining its license to sell in August 2018, the Company started focusing its efforts in sales and marketing during the current quarter. As a result, a number of expenses increased such as sales and marketing (2018 - $207,193; 2017 - $51,935) and salaries and wages (2018 - $396,811; 2017 - $31,374).

During the three months ended November 30, 2017, the Company just completed its reverse take-over transaction and thus, incurred $1,652,137 listing expenses.

As a result, the Company had a net loss of $1,463,702 during the current period (2017 - $2,834,778) and a loss per share of $0.03 (2017 - $0.21).

For the year ended November 30, 2018 and years ended November 30, 2017

During the year ended November 30, 2018, the Company harvested a total of 248,038 grams (2017 – nil) of dry cannabis with a value of $835,330 (2017 - $nil). The Company obtained its license to sell in August 2018 and during the year, the Company had $771,938 in sales, representing 164,851 grams of dried flowers sold and 15,054 grams of trim sold (2017 - $nil).

The production cost of sales includes direct costs of $690,086, resulting in a gross profit before fair value adjustments of $81,852. The Company recognized an unrealized gain on change of fair value of biological assets of $142,620 which is the amount of cannabis plants at fair value less costs to sell up to the point of harvest during the period, resulting in a gross profit of $224,472.

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

Excluding the non-cash depreciation of $5,103 (2017 - $8,856) and share-based payments of $2,400,711 (2017 - $603,557), the Company's other expenses amount to $2,624,536 (2017 - $1,324,529), an increase of $1,300,007. The increase was mainly due to the Company being fully operational as a licensed producer and seller during the current year while during the same period last year, the Company was in the process of obtaining the License to Produce with Health Canada and completing the public listing with a shell entity. The Company also focused its efforts in sales and marketing in the current year. As a result, all expense categories increased substantially compared to last year.

During the year ended November 30, 2017, with the Company just completing its reverse take-over transaction, the Company incurred $1,652,137 listing expenses; while there was no such expense in fiscal 2018.

As a result, the Company had a net loss of $4,805,878 during the current period (2017 - $3,606,447) and a loss per share of $0.10 (2017 - $0.28).

4(d) Capital Resources

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.

During the year ended November 30, 2018, the Company issued common shares pursuant to the exercise of 2,581,850 warrants and finder's options for cash proceeds of $1,994,683 as well as issued 1,114,038 common shares at a deemed value of $730,367 pursuant to the Restricted Share Unit Plan to its consultants and director.

During the year ended November 30, 2018, the Company granted a total of 2,395,672 stock options at exercise prices ranging from $0.81 to $1.31 per share expiring between December 1, 2019 and October 23, 2021 to its directors, officers, employees and consultants.

The Company cancelled 1,149,250 RSUs during the year ended November 30, 2018. A total of 515,538 RSUs were granted to its consultants and director during the year ended November 30, 2018 with 465,538 of these RSUs being vested and exercised into common shares between $0.81 and $0.94 per share. The Company also vested another 648,500 RSUs during the year ended November 30, 2018 and issued the common shares.

Subsequent to November 30, 2018, the Company issued 400,000 stock options to its officers and employees on February 13, 2019 at an exercise price of $0.78 for a period of three years, vesting immediately as well as 1,089,491 stock options for the out-of-the-money EFX options at exercise prices ranging from $0.64 to $0.90 expiring between May 8, 2023 and November 1, 2023.

The amounts received from the exercise of warrants and agent's options were to fund the Company's general administration and operations, including the cannabis production, expanding capacity and associated cost with the application for the license to sell cannabis with Health Canada.

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company's current treasury and the future cash flows from equity issuances and the potential exercise of options, along with the planned developments within the Company will allow its efforts to continue throughout 2019. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

4(e) Liquidity

As at November 30, 2018, the Company had working capital of $1,730,567 (November 30, 2017 – $2,671,902). As at November 30, 2018, cash totaled $1,607,950, a decrease of $989,158 from $2,597,108 as at November 30, 2017. The decrease was due to: (a) purchase of property, plant and equipment of $817,604; (b) operating activities of $2,166,236; while being offset by (c) net proceeds from the financing activities of $1,994,683.

4(f) Disclosure of Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at November 30, 2018, the Company's share capital was $11,178,616 (November 30, 2017 - $7,857,909) representing 49,320,375 common shares (November 30, 2017 – 45,580,369 common shares).

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

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

Given the graduation to tier 1, all the remaining escrow shares are now scheduled to be released on April 6, 2019.

Stock option transactions and the number of stock options are summarized as follows:

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

(a) Subsequently, 149,625 options expired.

Restricted share units (“RSU’s) transactions and the number of RSU’s are summarized as follows:

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

(a) Subsequently, 149,625 RSUs expired.

If the remaining options and the options granted subsequent to November 30, 2018 were exercised, the Company’s available cash would increase by $3,900,155.

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As of the date of this MD&A, there were 98,733,148 common shares issued and outstanding and 103,810,336 common shares outstanding on a diluted basis.

4(g) Commitments, Expected or Unexpected, or Uncertainties

Viridium's predecessor Morro Bay Resources Ltd. ("Morro Bay") has been named in one 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 the consolidated financial statements as the plaintiff has not taken a step to move this matter forward since April 2017 and the matter had been dormant for close to two years.

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

4(h) Off-Balance Sheet Arrangements

None.

4(i) Transactions with Related Parties

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

(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.

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

(1) Share-based payments are the fair value of options and RSUs granted and vested to key management personnel and directors of the Company under the Company's stock option plan and RSU plan.
(2) Includes an accrual amount of $239,544 related to an officer for his past services (see section 4g above).

Certain officers' employment agreements have termination benefits and one officer is entitled to future committed payments (see section 4(g) above).

(b) Goods and services

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

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

(c) Related party balances

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

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

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

4(j) Financial Instruments

Foreign Currency Risk

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

Interest Rate Risk

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

Credit Risk

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

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

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

Liquidity Risk

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

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

Fair Values

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

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.

4(k) Management of Capital Risk

The Company manages its cash and cash equivalents, common shares, share purchase options and restricted share units as capital. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents held.

In order to maximize ongoing operating efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry out its operations in the near term.

5. Subsequent Events

None other than disclosed already in other sections.

6. Policies and Controls

6(a) Significant Accounting Policies and Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

<u>Critical judgments</u>

- Determination of the fair values of the biological assets requires the Company to make assumptions about how market participants assign fair values to these assets. These assumptions primarily relate to the level of effort required to bring the cannabis up to the point of harvest, costs to covert the harvested cannabis to finished goods, sale price, risk of loss, expected future yields from the cannabis plants and estimating values during the growth cycle. The average grow cycle of plants up to the point of harvest is approximately twelve weeks.
- The valuation of biological assets at the point of harvest is the cost basis for all cannabis-based inventory and thus any critical estimates and judgements related to the valuation of biological assets are also applicable for inventory. The valuation of work-in-process and finished goods also requires the estimate of conversion costs incurred, which become part of the carrying amount for the inventory. The Company must also determine if the cost of any inventory exceeds its net realizable value, such as cases where prices have decreased, or inventory has spoiled or has otherwise been damaged.
- Depreciation of property, plant and equipment is dependent upon estimates of useful lives and residual values which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.
- 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.

6(b) Future Accounting Pronouncements

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

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

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

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

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

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

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

- IFRS 16 Leases (effective January 1, 2019)

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

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

6(c) Changes in Internal Controls over Financial Reporting ("ICFR")

<u>Changes in Internal Control Over Financial Reporting ("ICFR")</u>

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

Disclosure Controls and Procedures

The Company's CEO and CFO are responsible for establishing and maintaining the Company's disclosure controls and procedures. Management, including the CEO and CFO, have evaluated the procedures of the Company and have concluded that they provide reasonable assurance that material information is gathered and reported to senior management in a manner appropriate to ensure that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

While management believes that the Company's disclosure controls and procedures provide reasonable assurance, they do not expect that the controls and procedures can prevent all errors, mistakes, or fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

7. Information on the Board of Directors and Management

Directors:
Harry McWatters
Jay Garnett
Sean MacNeil
Michael Kohut
Michael Black
Dan Echino
Ben Eastwood

Audit Committee members:
Michael Kohut (Chair), Dan Echino and Ben Eastwood

Management:
Jay Garnett – Chief Executive Officer, President
Jarrett Malnarick – Chief Operating Officer
Winnie Wong – Chief Financial Officer and Corporate Secretary