

EXPERION BIOTECHNOLOGIES INC.

Condensed Interim Financial Statements
(Unaudited)

For the three and nine months ended August 31, 2017 and 2016

NOTICE OF NO AUDIT OR 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 the financial statements have not been reviewed by an auditor.

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

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

EXPERION BIOTECHNOLOGIES INC.**Interim Balance Sheets**

As at August 31, 2017 and November 30, 2016

(In Canadian Dollars)

| | Notes | August 31, 2017 (Unaudited) \$ | November 30, 2016 (Audited) \$ |
|--|-------|--------------------------------------|--------------------------------------|
| Assets | | | |
| Current | | | |
| Cash and cash equivalents | | 870,090 | 907,408 |
| GST receivable | | 113,312 | 12,456 |
| Subscription receivable | | 20,000 | 100,000 |
| Advances to Viridium Pacific Group Ltd. | | 1,970 | - |
| Due from related party | 5 | 50,460 | - |
| Prepaid expenses | | 14,313 | 8,261 |
| | | 1,070,145 | 1,028,125 |
| Investment in Associate | 6 | - | - |
| Property, plant and equipment | 7 | 1,726,970 | 251,765 |
| | | 2,797,115 | 1,279,890 |
| Liabilities | | | |
| Current | | | |
| Accounts payable and accrued liabilities | | 85,935 | 245,189 |
| Due to shareholders | 8 | 9,633 | 17,485 |
| | | 95,568 | 262,674 |
| Convertible Debentures | 9 | 1,019,500 | - |
| | | 1,115,068 | 262,674 |
| Shareholders' equity | | | |
| Share Capital | 10 | 2,510,000 | 1,110,000 |
| Reserves | 9 | 36,500 | - |
| Deficit | | (864,453) | (92,784) |
| | | 1,682,047 | 1,017,216 |
| | | 2,797,115 | 1,279,890 |

Nature of Operations and Going Concern (Note 1)

Commitments and Contingencies (Note 13)

Subsequent Events (Note 14)

Approved by the Board

Signed "Steve Serenas"

Steve Serenas - Director

Signed "Benjamin Eastwood"

Benjamin Eastwood - Director

The accompanying notes are an integral part of these Interim Financial Statements

EXPERION BIOTECHNOLOGIES INC.**Interim Statements of Loss and Comprehensive Loss (Unaudited)**

Three and Nine months ended August 31, 2017 and 2016

(In Canadian Dollars)

| | Three months ended August 31 | | Nine months ended August 31 | |
|---|---------------------------------|------------|--------------------------------|------------|
| | 2017 | 2016 | 2017 | 2016 |
| | \$ | \$ | \$ | \$ |
| Interest Income | 700 | | 925 | |
| Expenses | | | | |
| Consulting | 364,906 | | 423,906 | |
| Professional fees and listing costs | 131,917 | 3,000 | 197,229 | 9,000 |
| Rent | 17,327 | 1,725 | 56,328 | 5,175 |
| Utilities and communication | 6,784 | | 14,046 | |
| Travel | 25,700 | | 30,534 | |
| Office | 1,603 | | 8,697 | |
| Licensing | 900 | | 10,650 | |
| Marketing and promotion | 3,718 | | 9,945 | |
| Interest and bank charges | 9,214 | | 9,856 | |
| Foreign exchange loss | 14,104 | | 11,402 | |
| | 576,172 | 4,725 | 772,594 | 14,175 |
| Net loss for the period | (575,472) | (4,725) | (771,669) | (14,175) |
| Net loss per share | | | | |
| Basic and diluted | (0.04) | - | (0.07) | - |
| Weighted average number of shares outstanding | | | | |
| Basic and diluted | 13,333,333 | 10,000,000 | 11,666,667 | 10,000,000 |

The accompanying notes are an integral part of these Interim Financial Statements

EXPERION BIOTECHNOLOGIES INC.**Interim Statements of Changes in Equity (Unaudited)**

Nine months ended August 31, 2017 and 2016

(In Canadian Dollars)

| | Share Capital Common Shares | Amount | Reserves Convertible Debentures | Deficit | Total |
|---|-----------------------------------|-----------|---------------------------------------|-----------|-----------|
| | # | \$ | \$ | \$ | \$ |
| Balance November 30, 2015 (audited) | 10,000,000 | 10,000 | - | (60,156) | (50,156) |
| Net loss for the period | | | | | |
| Balance August 31, 2016 | 10,000,000 | 10,000 | - | | |
| Balance November 30, 2016 (Audited) | 11,466,667 | 1,110,000 | - | (92,784) | 1,017,216 |
| Issuance of common shares (Note 10) | 1,866,666 | 1,400,000 | | | 1,400,000 |
| Issuance of convertible debenture (Note 10) | | | 36,500 | | 36,500 |
| Net loss for the period | | | | (771,669) | (771,669) |
| Balance August 31, 2017 | 13,333,333 | 2,510,000 | 36,500 | (864,453) | 1,682,047 |

The accompanying notes are an integral part of these Interim Financial Statements

EXPERION BIOTECHNOLOGIES INC.**Interim Statements of Cash Flows (Unaudited)**

Nine months ended August 31, 2017 and 2016

(In Canadian Dollars)

| | 2017 | 2016 |
|--|-------------|----------|
| | \$ | \$ |
| Cash provided by (used in) | | |
| Operations | | |
| Net loss | (771,669) | (14,175) |
| Net changes in working capital | | |
| GST Receivable | (100,856) | |
| Due from related party (Note 5) | (50,460) | |
| Advances to Viridium Pacific Group Ltd. | (1,970) | |
| Prepaid expenses and deposits | (6,052) | |
| Accounts payable and accruals | (160,754) | 9,000 |
| Due to shareholders | (7,852) | 5,175 |
| | (1,099,613) | - |
| Investing | | |
| Purchase of property, plant and equipment | (1,475,205) | - |
| Financing | | |
| Issuance of common shares | 1,400,000 | |
| Issuance of convertible debenture | 1,056,000 | |
| Subscriptions receivable | 80,000 | |
| | 2,536,000 | - |
| Cash and cash equivalents | 870,090 | - |
| Components of cash and cash equivalents | | |
| Cash | 845,090 | |
| Cashable term deposit | 25,000 | |

The accompanying notes are an integral part of these Interim Financial Statements

EXPERION BIOTECHNOLOGIES INC.

Notes to the Interim Financial Statements (Unaudited)

Nine months ended August 31, 2017 and 2016

(In Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Experion Biotechnologies Inc. ("Experion" or the "Company") is a Canadian company incorporated in the province of British Columbia on September 26, 2013. The head office of the Company is suite 1150, 707 -7th Avenue S.W., Calgary, Alberta, T2P 3H6.

Experion is a Canadian biotech company focused on obtaining a license to produce and to distribute medical cannabis products from Health Canada (the Licensed Producer Business) pursuant to the Access to Cannabis for Medical Purposes Regulations (the ACMPR). On August 18, 2017 Experion acquired its License to Produce pursuant to the ACMPR. As of the date of these interim financial statements Experion has not obtained its License to Sell pursuant to the ACMPR.

The interim financial statements have been prepared on the going concern basis, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During nine month period ended August 31, 2017, the Company did not generate any revenue and incurred a net loss and comprehensive loss of \$(771,669) (2016 \$(14,175)) and cash flows used in operating activities of \$(1,099,613) (2016 - \$0). 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 received a license to sell medical cannabis as set out in the ACMPR. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. Further, there are no assurances that the Company will be successful in obtaining its license to sell cannabis. As is common with development stage companies in the medical cannabis industry, these conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

These interim 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 unaudited interim financial statements were prepared using the same accounting policies and methods as those used in the Company's audited financial statements for the year ended November 30, 2016.

EXPERION BIOTECHNOLOGIES INC.

Notes to the Interim Financial Statements (Unaudited)

Nine months ended August 31, 2017 and 2016

(In Canadian Dollars)

Statement of Compliance (Cont'd)

These unaudited interim financial statements are in compliance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), have been omitted. The preparation of these unaudited condensed interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

Reverse Take Over

Subsequent to August 31, 2017, Experion completed a reverse take over of Morrow Bay Resources Ltd., which subsequently changed its name to Viridium Pacific Group Ltd. The prior operations of Morrow Bay Resources Ltd, did not meet the definition of a business for the purposes of business combinations. As a result, Experion is the acquirer for accounting purposes (See Note 14 - Subsequent Events)

These interim financial statements should be read in conjunction with the audited financial statements for the year ended November 30, 2016. These interim financial statements were approved by the Board of Directors on January 12, 2018.

The functional and presentation currency of the Company is the Canadian dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents includes cash on deposit at banking institutions and a term deposit which are readily convertible into a known amount of cash.

Property, plant and equipment

Leasehold improvements are related to the construction of a building on their leased property and are measured at historical cost less accumulated depreciation and impairment losses if applicable.

There has been no depreciation taken during the three and nine month periods ended August 31, 2017, as the asset under construction is not available for use as intended by management.

Impairment of Long-lived Assets

Property, plant and equipment are reviewed for impairment at the end of each reporting period and tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of property and equipment is the greater

EXPERION BIOTECHNOLOGIES INC.

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Nine months ended August 31, 2017 and 2016

(In Canadian Dollars)

Impairment of Long-lived Assets (Continued)

of fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized through profit or loss.

Investment in Associate

The Company's investment in Northern Vine Canada Inc. ("Northern Vine"), has historically been accounted for using the equity method. An associate is an entity in which the Company has significant influence. Management is now of the position that the Company does not have significant influence over its investment in Northern Vine and the investment should be accounted for using the cost method.

Leases

Leases are classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of issue costs.

Income Taxes

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years. Deferred tax is provided using the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the financial statement carrying value and tax basis of assets and liabilities and the benefit of tax losses available to be carried forward for tax purposes.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets are recorded in the consolidated financial statements if realization is considered probable. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that the rate changes.

Loss Per Share

The Company presents basic and diluted losses per share for its common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders by the weighted

EXPERION BIOTECHNOLOGIES INC.

Notes to the Interim Financial Statements (Unaudited)

Nine months ended August 31, 2017 and 2016

(In Canadian Dollars)

Loss Per Share (continued)

average number of common shares outstanding for the period. Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all diluted potential common shares.

Financial Instruments

Financial Assets

All financial assets are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company classifies its financial assets as fair value through profit or loss ("FVTPL"), loans and receivables, held to maturity or available for sale. A financial asset is classified at FVTPL if it is classified at FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets classified as FVTPL are measured at fair value with any resultant gain or loss recognized in profit or loss. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial Liabilities

All financial liabilities are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expires.

The Company classifies its financial liabilities as either FVTPL or other financial liabilities. Financial liabilities classified as FVTPL are measured at fair value with any resultant gain or loss recognized in profit or loss. Transaction costs associated with FVTPL financial liabilities are expensed as incurred. Financial liabilities classified as other financial liabilities are initially measured at fair value less directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

Financial Instrument Classification

Cash and cash equivalents: Loans and receivables

Subscription receivable: Loans and receivables

Accounts payable and accrued liabilities: Other financial liabilities

Due to/from related parties or shareholders: Other financial liabilities

Convertible Debentures: Fair Value

EXPERION BIOTECHNOLOGIES INC.

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(In Canadian Dollars)

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Related party transactions are measured at the amounts agreed to by the parties.

Significant Accounting Estimates and Judgments

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results could differ from those estimates. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant judgments include the following:

- (i) Realization of certain income tax losses carried forward are not probable and has not recorded a deferred income tax asset relating to those losses; and
- (ii) Assessment of impairment indicators for long-lived assets.

4. RECENT ACCOUNTING PRONOUNCEMENTS

The IASB and IFRIC has issued the several new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

- (a) IFRS 9 'Financial Instruments: Classification and Measurement', introduces new requirements for the classification and measurement of financial instruments.
- (b) IFRS 15 'Revenue from Contracts with Customers' was issued by the IASB in June 2014.
- (c) IFRS 16 'Leases', was issued by the IASB in January 2016 and will replace *IAS 17 Leases*.

5. DUE FROM RELATED PARTY

A founding shareholder, related party and non member of management of Experion has become indebted to the Company. Management estimates the indebted amount will be received by the company in the current period through cash payments from the related party and the provision of services by the related party.

EXPERION BIOTECHNOLOGIES INC.

Notes to the Interim Financial Statements (Unaudited)

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(In Canadian Dollars)

6. INVESTMENT IN ASSOCIATE

The Company invested in an associate, Northern Vine Canada Inc. ("Northern Vine") on April 10, 2014. The cost of the investment was \$2,500. The Company has not received any dividend income from Northern Vine and Northern Vine has no record of profitability. An impairment charge was made by the Company and the carrying value of Northern Vine in the financial statements of the Company is nil for the current and comparative periods. The Company does not have significant influence on Northern Vine. Northern Vine is also a material shareholder of the Company, owning 2,500,000 common shares. The Company, subsequent to the period ending August 31, 2017 disposed of its interest in Northern Vine to Northern Vine. In conjunction with the disposition, the Company acquired Northern Vine's 2,500,000 common share investment in the Company. (See Subsequent Events Note 14)

7. PROPERTY, PLANT AND EQUIPMENT

| | August 31, 2017 | | November 30, 2016 | |
|------------------------|------------------|------------------|-------------------|----------------|
| | Cost | Net Book Value | Cost | Net Book Value |
| | \$ | \$ | \$ | \$ |
| Leasehold Improvements | 1,682,967 | 1,682,967 | 251,765 | 251,765 |
| Equipment | 23,481 | 23,481 | - | - |
| Computer Software | 11,815 | 11,815 | - | - |
| Office Equipment | 8,707 | 8,707 | - | - |
| | <u>1,726,970</u> | <u>1,726,970</u> | <u>251,765</u> | <u>251,765</u> |

As of August 31, 2017, the Company was in the process of commissioning its facilities to begin production and cultivation of cannabis for medical purposes. The building is not ready for its intended use, and no depreciation has been taken to date.

8. DUE TO SHAREHOLDER

The amount due to shareholder is non-interest bearing, unsecured and due on demand.

9. CONVERTIBLE DEBENTURES

On August 1, 2017, the Company issued 1056 convertible debentures having an aggregate face value of \$1,056,000 at par value. The convertible debentures mature July 31, 2019 and bear interest at 8% per annum, payable July 31 of each year. Each debenture is convertible into one debenture unit at the earlier of a change in control or September 30, 2017 and no later than January 31, 2019. Each debenture unit consists of 533 common shares of the Company and 533 share purchase warrants exercisable at a price of \$2.50 per share and expiring May 31, 2018.

EXPERION BIOTECHNOLOGIES INC.

Notes to the Interim Financial Statements (Unaudited)

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(In Canadian Dollars)

9. CONVERTIBLE DEBENTURES (continued)

Management estimates the interest rate to the Company for non convertible debt to be 10% per annum.

The convertible debenture proceeds of \$1,056,000 were allocated firstly to the liability component of the convertible debenture at the fair value amount of \$1,019,500 with remaining \$36,500 allocated to equity component, share capital reserve. Interest at the rate of 10% per annum on the amount allocated to the liability component has been charged to interest expense.

Convertible debenture proceeds were \$906,000 in cash and \$150,000 in compensation for past consulting services.

10. SHARE CAPITAL

Authorized

unlimited Class "A" Voting Common Shares

unlimited Class "B" Non-Voting Common Shares, class suspended

unlimited Class "C" Non-Voting Common Shares, none issued

unlimited Class "D" Non-Voting Common Shares, none issued

unlimited Class "E" Non-Voting Common Shares, none issued

unlimited Class "F" Non-Voting Preferred Shares, none issued

unlimited Class "G" Non-Voting Preferred Shares, none issued

unlimited Class "H" Non-Voting Preferred Shares, none issued

unlimited Class "I" Non-Voting Preferred Shares, none issued

Issued

| | Number of Shares # | Amount \$ |
|-------------------------------------|--------------------------|--------------|
| Balance at November 30, 2015 | 10,000,000 | 10,000 |
| Shares issued ^(b) | 1,466,667 | 1,100,000 |
| Balance at November 30, 2016 | 11,466,667 | 1,110,000 |
| Shares issued ^(c) | 1,866,667 | 1,400,000 |
| Balance at May 31, 2017 | 13,333,333 | 2,510,000 |

(a) In November 2016, the Company received approval from the Board of Directors to complete the following restructuring; Class B Non-Voting Common Shares without par value will be altered to Class A Voting. Common Shares without par value and to subsequently subdivide each issued or allotted Class A Voting Common Share into 1,000 Class A Voting Common Shares. This has been reflected retrospectively in the comparative years.

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10. SHARE CAPITAL (continued)

(b) In November 2016, the Company completed the first tranche of a private placement by issuing for \$1,100,000. 1,466,667 Class A Voting Common Shares were issued at a price of \$0.75 for gross proceeds of \$1,100,000.

(c) In May 2017, the Company completed the second tranche of a private placement by issuing 1,866,667 Class A Voting Common Shares at a price of \$ 0.75 for gross proceeds of \$1,400,000.

11. RELATED PARTY TRANSACTIONS

Key Management Compensation

The compensation of the directors and other key management of the Company totaled \$237,500 (2016 - \$NIL).

There were no stock options or bonuses issued to key management. Key management includes those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

Other Related Party Transactions

(a) \$75,000 in consulting fees were paid to a company controlled by a shareholder, for services rendered.

(b) \$75,000 in consulting fees were paid to a corporation controlled by a significant shareholder of the Company for services rendered. This company received total compensation of \$75,000 of which \$37,500 was repaid via the issuance of convertible debentures. The shareholder also transacted with the Company for the supply of electrical and HVAC services in the amount of \$65,702. The shareholder was also reimbursed by the Company for expenditures of \$110,294 related to building costs, and other corporate matters.

The balance shown as due from related parties (Note 5) represents amounts paid by the company in excess of the aforementioned services and reimbursed expenses. These transactions took place at normal market rates.

12. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

Credit Risk

The Company's cash and cash equivalents are held in Canadian financial institutions. The Company has not experienced any significant credit losses and believes it is not exposed to significant credit risk at this time

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Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not currently exposed to significant foreign exchange risk regarding its transactions.

Interest Rate Risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity Risk

The Company's ability to continue as a going concern is dependent on management's ability to raise additional funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company believes it is currently managing its liquidity risk.

Fair Value

The carrying value of the cash and cash equivalents, due from/to related parties or shareholders, accounts payable and accrued liabilities approximates their fair value, due to the short-term maturities of these instruments.

Capital Risk Management

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to explore all strategic options and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. 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. The Company is not subject to externally imposed capital requirements.

13. COMMITMENTS

Lease Commitments

The Company has entered into a property lease agreement. The property lease agreement has a 3 year term commencing November 4, 2016, with two options to renew for an additional 3 years each.

The property lease agreement includes an option to purchase the lands expiring November 4, 2018.

The combined future minimum payments are as follows:

Less than 1 year

1-3 years

Total

\$ 60,900

71,050

\$ 131,950

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14. SUBSEQUENT EVENTS

(a) Reverse Take Over and Public Listing

Subsequent to the Company's receipt of its license to produce medical cannabis, the Company completed a series of transactions that resulted in the public listing of the Company through a reverse take over of Morrow Bay Resources Ltd. ("Morrow Bay") The transactions included:

- (i) the exchange of 10,833,333 of the Company's common shares for 33,935,757 common shares of Morrow Bay.
- (ii) the exchange of 100% of the Company's outstanding convertible debentures in exchange for 1,771,962 common shares and 1,771,962 common share purchase warrants at \$0.80/share of Morrow Bay expiring June 27, 2018.
- (iii) the issuance of 5,5000,000 units for the receipt of \$3,300,000 in share capital gross proceeds. Net proceeds, after share issuance costs of brokerage and commission fees (\$236,402) and legal fees (\$35,767) was \$3,027,831. Each share purchase unit consists of 1 common share at \$0.60 per share and one half common share purchase warrant at \$ 0.80 per share expiring June 27, 2018.
- (iv) the disposition of the Company's investment in Northern Vine in consideration of the receipt by Company of 2,500,000 Class A common shares in the Company previously issued to Northern Vine.
- (v) Concurrent with these transactions, Morrow Bay changed its name to Viridium Pacific Group Ltd. Further details of these transactions can be found in the Company's filing statement dated September 28, 2017 and material change reports on www.sedar.com.

(b) On November 16, 2017, the Company completed an additional equity financing of \$591,666 in consideration of the issuance of 986,110 units consisting of 1 common share at \$0.60 per share and one half common share purchase warrant at \$0.80 per share expiring June 27, 2018.

(c) On November 3, 2017, a 100% owned subsidiary (Fish Trap Ventures Ltd.) of the Company's legal parent company Viridium Pacific Group Ltd., purchased the lands upon which the Experion building is located.