This interim management discussion and analysis ("**MD&A**") of the financial condition and results of operations of Sunniva Inc. (the "**Company**") is for the three and nine months ended September 30, 2017 and 2016. It is supplemental to, and should be read in conjunction with the unaudited Condensed Interim Consolidated Financial Statements of the Company and the accompanying notes for the three and nine months ended September 30, 2017 and 2016 (the "**Consolidated Interim Financial Statements**").

The Consolidated Interim Financial Statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. All amounts presented herein are stated in Canadian dollars, unless otherwise indicated. Additional information regarding the Company is available on our website at www.sunniva.com or through the SEDAR website at www.sedar.com.

This MD&A is prepared as of November 27, 2017.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Some of the statements contained in this MD&A are forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur.

Forward-looking statements may be identified by such terms as "believes", "if", "expects", "estimates", "may", "could", "should", "will", "intends" and similar expressions. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Although the Company believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning the Company's expectations for the Company's current financial resources being sufficient to fund operations; the Company's plans to obtain a cannabis license under the *Access to Cannabis for Medical Purposes Regulations* ("ACMPR"); the Company's plans to develop the APL Facility (as defined below) and the CPL Greenhouse Facility (as defined below) and the Company obtaining rights to grow cannabis in the United States and the Company's ability to obtain additional funds though the sale of equity or debt commitments.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. In making the forward looking statements included in this prospectus, the Company has made various material assumptions, including but not limited to (i) obtaining the necessary regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business and economic conditions; (iv) the Company's ability to successfully execute its plans and intentions; (v) the availability of financing on reasonable terms; (vi) the Company's ability to attract and retain skilled staff; (vii) market competition; (viii) the products and technology offered by the Company's competitors; and (ix) that our current good relationships with our suppliers, service providers and other third parties will be maintained. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors including: the legal status of cannabis cultivation, distribution and sales in the United States and Canada; changes in general economic conditions and conditions in the financial markets; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; uncertainty about the Company's ability to continue as a going concern; risk that the Company will not obtain or retain any relevant licenses; technological and operational difficulties encountered in connection with the Company's activities; and changing foreign exchange rates and other matters discussed in this MD&A.

Although we have attempted to identify factor that would cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actual results, performances, achievements or events to not be as anticipated, estimated or intended. Many of the factors are beyond our control. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. We disclaim any intention and assume no obligation to update any forward-looking statements even if new information becomes available, as a result of future events, new information, or for any other reason except as required by law. These forward-looking statements are made as of the date hereof.

Additional information related to us, including in the Company's prospectus filed on November 16, 2017, is available by accessing the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") website at **www.sedar.com**.

COMPANY OVERVIEW

The Company is a Canadian incorporated biopharmaceutical corporation with operations in Canada and California. The Company has ten (10) wholly owned subsidiaries including: Sunniva Medical Inc. ("**SMI**"); CP Logistics, LLC ("**CPL**") (North Carolina), Natural Health Services Ltd. ("**NHS**") (Alberta), and Sun CA Holdings, Inc. ("**SCH**") (California). In addition, Sun Holdings Management, LLC (Delaware) is a wholly owned subsidiary of SMI, which in turn holds 100% of the shares in Sunniva Full Scale Distributors Corporation (California), which in turn holds 100% of the membership units in Full-Scale Distributors, LLC ("**FSD**") (Florida). NHS has a wholly owned subsidiary 1964433 Alberta Ltd. ("**196**") for purposes of developing and licensing its proprietary SPARK branded software. SCH also owns 100% of the membership units in Sunny People, LLC ("**SPL**") (California) and A1 Perez, LLC ("**APL**") (Delaware). The Company has also formed an arm's length cooperative known as California CC Growers Cooperative for the production of cannabis in California that licenses its operations through CPL and uses the services of SPL.

The Company wound up its Canadian subsidiary, Sunniva Technologies Corp. on October 11, 2017.

HIGHLIGHTS

- On August 8, 2017, the Company repaid $2.25 million in promissory notes resulting from the acquisition of NHS.
- On August 15, 2017, the Osoyoos Indian Band copied the Company in a letter to Health Canada in support of the Company's application for a cannabis cultivation license under the ACMPR and to construct a 400,000-square foot cannabis cultivation facility on its lands in Oliver, British Columbia, under a long-term lease agreement.
- On August 17, 2017, the Company, through its subsidiary SCH, entered into a membership interest purchase agreement to acquire 100% of APL. The purchase closed on August 18, 2017 for total consideration of $1.3 million (USD$1 million) in the form of $566,000 (USD$450,000) in cash and $692,000 (USD$550,000) in secured promissory notes bearing interest at 0.5% per annum (the "**APL Notes")**. The APL Notes were secured against the membership interests of APL and matured on the earlier of (i) December 1, 2017, (ii) upon payment of at least USD$550,000 under the Barker MOU (defined below) or (iii) within 10 days after a receipt is issued by the British Columbia Securities Commission for the Company's final prospectus. The APL Notes plus accrued interest were paid by the Company on October 23, 2017. APL holds a sub-lease agreement for a facility adjacent to the Company's existing manufacturing facility on Perez Road in Cathedral City, CA, and holds a manufacturing license for cannabis oils and extracts with a conditional use permit ("**CUP")** in place to commence tenant improvements. APL is located in a contiguous industrial property with the Company's existing Perez Road manufacturing facility.
- On June 27, 2017, August 9, 2017 and September 19, 2017 the Company closed tranches of its offering of special warrants ("**Special Warrants**") for net proceeds of $6.2 million (before deducting the expenses of the Offering) for the issuance of 983,753 Special Warrants to subscribers pursuant to prospectus exemptions under applicable securities legislation and 11,112 corporate finance fee warrants ("**Corporate Finance Fee Special Warrants**") issued to certain agents (the "**Special Warrant Offering**"). Pursuant to the terms of the special warrant certificates governing the Special Warrants and Corporate Finance Fee Special Warrants, as the final receipt (the "**Final Receipt**") for the Company's prospectus was not issued by the securities regulators on or prior to October 25, 2017 (the "**Penalty Deadline**"), each Special Warrant and Corporate Finance Fee Special Warrant became exercisable for 1.1 Common Shares ("**Common Share**") (the "**Penalty Exercise Ratio**") on October 28, 2017. Prior to October 28, 2017, certain holders of Special Warrants agreed to an extension of the Deemed Exercise Date to the earlier of (i) December 15, 2017; and (ii) the fifth business day after the date on which the Final Receipt is issued by the Securities Regulators. On October 28, 2017, 897,500 Special Warrants and 11,112 Corporate Finance Fee Special Warrants were deemed to be exercised in accordance with the Penalty Exercise Ratio and were converted into 987,250 Common Shares and 12,223 Common Shares, respectively. On November 23, 2017, the remaining 86,253 Special Warrants were deemed to be exercised in accordance with the Penalty Exercise Ratio and were converted into 94,878 Common Shares.
- Pursuant to the Special Warrant Offering, certain agents also received broker special warrants of the Company, each of which was deemed to be exercised into one broker warrant of the Company ("**Broker Warrant**") on October 28, 2017. Each Broker Warrant is exercisable into one Common Share at a price of $6.75 until June 27, 2019.

- On September 19, 2017 the Company closed a private placement pursuant to prospectus exemptions under applicable securities legislation for investors in the United States for net proceeds of $1.2 million for the issuance of 183,672 Common Shares (the "**US Private Placement")**.
- On September 20, 2017, the Cathedral City Planning Commission unanimously approved CPL's application for its CUP providing CPL approval to break ground and begin construction on its 325,000-square foot cultivation facility in California (the "**CPL Greenhouse Facility")**. The Company broke ground in November 2017. The CPL Greenhouse facility is designed to produce an annual yield of nearly 80,000 kilograms per year. Cathedral City previously issued to CPL 17 cannabis cultivation licenses and one combination cannabis cultivation and dispensary license on June 22, 2017.
- On September 25, 2017, the Company filed its preliminary prospectus in the provinces of British Columbia, Alberta and Ontario to qualify the Common Shares issuable upon exercise of the Special Warrants. The Company also announced its application to list its Common Shares on the Canadian Stock Exchange ("**CSE**").
- During the quarter, NHS implemented patient tracking systems to monitor active patient counts and active number of medical documents. As at the current date, NHS reported 76,000 active patients and more than 100,000 active medical documents issued. NHS considers an active patient to be a patient with a current medical document under the ACMPR, one who has complied with the follow up requirements of the applicable provincial regulatory regime, and one that has purchased products from a Canadian LP in the past 90-120 days. The number of medical documents outstanding is the total number of medical documents issued to Canadian LPs that are in good standing. Patients may have more than one medical document outstanding if they are purchasing cannabis from multiple LPs. NHS was also working with 28 physicians at the end of the reporting period or seven full-time-equivalent medical doctors.
- For the period ending September 30, 2017, the Company reported revenue of $10.2 million year-to-date with its first revenue recognized in February 2017. In addition, the Company reported deferred revenue of $2.6 million resulting from advance sales under 196's software-as-a-service technology. The Company expects to recognize this revenue over the next 12 months.
- For the nine months ending September 30, 2017, the Company reported a net loss of $18.6 million and $0.74 per Common Share. After the elimination of non-cash expenses attributed to the fair value adjustments of convertible notes and warrants, share-based compensation, and depreciation attributed to the NHS acquisition, the Company's net loss was $4.1 million and $0.16 per Common Share compared to $5.5 million and $0.31 per share for the nine months ended September 30, 2016.
- Subsequent to the period, on November 17, 2017, the Company obtained a receipt for its final prospectus from the securities regulatory authorities in British Columbia, Alberta and Ontario. The Company received conditional approval from the CSE for the listing of its Common Shares on the CSE, subject to the completion of customary requirements of the CSE, including the receipt of all required documentation.
- Subsequent to the period, on October 23, 2017, the Company sold its land at Ramon Road, Cathedral City, CA, to SPCL for total consideration of $6.9 million (USD$5.1 million) in conjunction with the financing of the CPL Greenhouse Facility. The Company used proceeds of the transaction to repay the balance of the CPL Notes (as defined below) of approximately $5.1 million (USD$4.0 million). In addition, the Company conducted a non-brokered private placement of 8% unsecured

convertible debentures of the Company ("**Convertible Debentures**") pursuant to prospectus exemptions under applicable securities legislation (the "**Convertible Debenture Financing**"). The principal amount of Convertible Debentures is convertible into Common Shares at a price of $4.60 per Common Share and has a maturity date of December 31, 2020. As at the date hereof, the Company has closed $8.7 million under the Convertible Debenture Financing. In conjunction with the land sale, the Company's total proceeds was $15.6 million subsequent to the period.

GOING CONCERN

The Company is considered a development stage company and is currently seeking additional capital, mergers, acquisitions, joint ventures, partnerships and other business arrangements to expand its product offering in the medical cannabis industry and grow its revenue.

The Consolidated Interim Financial Statements were prepared on a going concern basis and assume the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception through September 30, 2017 and, although it has begun to generate revenue during the past five months, revenue is insufficient to cover the costs of operations. As at September 30, 2017, the Company had an accumulated deficit of $28.3 million and incurred a net loss of $18.2 million for the nine months ended September 30, 2017. The Company also had a working capital deficit of $12.3 million which includes $17.2 million in secured convertible promissory notes and $2.1 million in warrant liability adjusted for their fair value under IFRS. The secured convertible promissory notes are a convertible financial instrument into Common Shares of the Company. Conversion of the secured convertible promissory notes and the exercise of warrants would result in a working capital surplus of $7.0 million.

Adjusted Working Capital as at September 30, 2017		
(000s)		
Current assets	$	13,178
Current liabilities		25,495
Working capital as per statement of financial position		(12,317)
Adjustments for:		
Plus: Warrant liability		2,077
Plus: Valuation adjustment (Note 10 of the financial statements)		7,239
Less: Assets held for sale		(8,764)
Net working capital	**$**	**(11,765)**

The Company's ability to continue as a going concern is dependent upon its ability to grow its revenue and achieve profitable operations, to convert its debentures into shares, liquidate assets or obtain the necessary financing to meet its near-term obligations such that it can repay its liabilities when they become due. Management plans to continue its efforts to secure external financing through the issuance of equity and debt as a source of financing the operations of the Company; however, there can be no certainty that such funds will be available on a timely basis and at terms acceptable to the Company, or at all.

INTERIM MD&A – QUARTERLY HIGHLIGHTS

The following table sets forth selected unaudited financial information of the Company for the three and nine months ended September 30, 2016 and 2017:

	For the three months ended September 30		For the nine months ended September 30	
(000s)	**2017**	**2016**	**2017**	**2016**
Total revenue	$ 4,562	$ -	$ 10,215	$ -
Total comprehensive loss for the period	6,640	900	18,660	5,477
Basic and diluted loss per share share	0.25	0.06	0.74	0.31

	As at	
	September 30	**December 31**
(000s)	**2017**	**2016**
Total assets	$ 58,911	$ 25,663
Current liabilities	25,495	11,418
Total non-current financial liabilities	3,800	-
Shareholder's equity	29,616	14,425

The table below summarizes the Company's cash flows for the nine months ended September 30, 2017 and 2016:

	Nine months ended September 30	
(000s)	**2017**	**2016**
Net cash provided (used in)		
Operating activities	$ (4,077)	$ (4,377)
Financing activities	5,450	4,796
Investing activities	(10,278)	(221)
Effect of foreign exchange on cash and cash equivalents	6	-
Increase (decrease) in cash	(8,899)	198
Cash and cash equivalents beginning of period	9,613	41
Cash and cash equivalents end of period	**$ 714**	**$ 239**

Cash and cash equivalents as at September 30, 2017 was $714,000, which was $475,000 higher than the balance of $239,000 as at September 30, 2016. The increase in cash and cash equivalents during the year was due primarily to the US Private Placement and the Special Warrant Offering, which was offset by operating losses, capital investment, the purchase of land at Ramon Road and the acquisitions of CPL, NHS, FSD and APL.

During the period, the fair value of the Company's secured convertible promissory notes and warrant liability increased by $8.7 million due to the Company's recent financing activities at higher share prices. The secured promissory notes included in the Consolidated Interim Financial Statements consist of three sets of notes: the CPL Notes, the FSD Note, and the APL Notes (all as defined below).

The CPL Notes and the FSD Note are compound financial instruments. Although the issue and repayment amount are fixed in United States dollars, when converted back to the Company's functional currency they result in a variable amount of cash and a variable carrying amount for the financial liability that arises from changes in U.S. to Canadian exchange rates. The conversion feature is therefore a derivative liability. The Company has elected to use the fair value option method and valued the embedded derivative and instrument collectively at fair value.

The fair value of the CPL Notes and the FSD Note were determined on the date of the grant and at September 30, 2017. Since the date of grant, and a price on conversion of USD$2.55 per Common Share resulting from conversion, the Company closed the Special Warrant Offering priced at $6.75 per Special Warrant. As at September 30, 2017, the Special Warrants were to be converted to Common Shares on a one-to-one basis. The increase in price per converted share impacted the revaluation of the convertible notes, using the Black-Scholes option pricing method, and contributed to the increase in fair value. This accounting treatment also impacted the warrant liability. Subsequently the CPL Notes were repaid in full and such adjustment will be made in the fourth quarter results.

The Special Warrants included a provision that increased the conversion rate to 1:1.1 in the event the Company had not received Final Receipt by October 25, 2017. As a result of not receiving the Final Receipt by that date, the conversion rate was increased, however the fair value has not been adjusted prospectively in this reporting period for the resulting reduction in fair value as this may again change by the end of the fiscal year.

During the period, the Company incurred amortization expense of $2.5 million resulting from its acquisition of NHS and the amortization of acquired intangible software assets acquired.

The Company also recognized share-based compensation expense of $3.3 million included in selling, general and administrative expenses. The total fair value of the stock options under the Stock Option Plan granted during the period was $9.2 million.

On a comparative basis, after eliminating the revaluation expense, the amortization expense resulting from the acquisition of NHS, and the share-based compensation expense, the adjusted net loss for the nine months ended September 30, 2017 was $4.1 million and $0.16 per Common Share when compared to a net loss of $5.5 million and $0.31 per Common Share for the nine months ended September 30, 2016.

The following table sets out the quarterly financial information for each of the last seven quarters:

(000s)	Q3'17	Q2'17	Q1'17	Q4'16	Q3'16	Q2'16[1]	Q1'16
Total revenue	$ 4,562	$ 3,280	$ 2,373	$ -	$ -	$ 38	$ -
Cost of goods sold	(2,834)	(2,044)	$ (1,158)	(12)	-	-	-
Selling, general and administrative	(9,413)	(3,990)	$ (2,256)	(855)	(817)	(1,096)	(828)
Research and development	-	-	$ -	(9)	-	(183)	(122)
Costs associated with terminated acquisition	-	-	$ -	113	-	(1,909)	(353)
Fair value gain (loss) on derivative liability	251	(8,926)	$ -	75	-	-	-
Foreign exchange gain (loss)	459	275	$ (42)	(760)	(85)	(72)	(12)
Deferred tax recovery	366	336	$ 130	-	-	-	-
Net income (loss)	(6,609)	(11,069)	(953)	(1,448)	(902)	(3,222)	(1,315)
Basic income (loss) per share	$ (0.25)	$ (0.43)	$ (0.04)	$ (0.11)	$ (0.06)	$ (0.16)	$ (0.07)

1. In Q4 2016 research and development costs were reclassified as costs associated with a terminated acquisition and correspondingly $38,000 in revenue was recognized for a brief period when the terminated acquisition was operating in Q2, 2016. This reclassification resulted in changes to previously reported Q2 2016 financial statements as noted above.

Summary of Results

During the period, the Company completed its first eight months of material revenue generation with a total $10.2 million in revenue for the nine months ending September 30, 2017. Revenue was generated from its two acquisitions during the period, NHS and FSD, which contributed $7.4 million and $2.8 million in revenue respectively. Net loss for the nine months ending September 30, 2017 was $18.6 million as compared to $5.5 million during the nine months ended September 30, 2016.

The primary factors affecting the magnitude and variations of the Company's losses are as follows:

- In the nine months ended September 30, 2017, the Company incurred $15.7 million in selling, general and administrative expenses. The Company also incurred costs of goods sold of $6.0 million on a consolidated basis consisting primarily of product manufacturing costs in FSD and contract physician compensation in NHS.
- During the nine months ending September 30, 2017, the Company incurred non-cash expenses of $8.7 million resulting from a fair value increase in its secured convertible promissory notes and warrant liability; an expense of $2.5 million resulting from the amortization of intangible software assets acquired with NHS; and share-based compensation expense of $3.3 million.

Discussion of Operations

The Company incurred a net loss of $18.6 million for the nine months ended September 30, 2017. On a comparative basis, the net loss increased from the nine months ending September 30, 2016 by $13.2 million.

The key components contributing to the change in net loss from the nine months ending September 30, 2017 compared to the nine months ending September 30, 2016 was comprised of the following:

- Expense due to the revaluation of secured convertible promissory notes and warrants of $8.7 million that occurred in the nine months ending September 30, 2017.
- Costs of goods sold increased from $nil to $6.0 million resulting from the revenue generating activities of NHS and FSD.
- An increase in costs related to selling, general and administration expenses from $5.3 million to $15.7 million due to the acquisition of two operating companies (NHS and FSD), share-based compensation and the Company's overall growth. During the period ending September 30, 2016, the Company expended one-time costs of $689,000 and $1.9 million resulting from research and development and the costs associated with a terminated acquisition, respectively.
- Expenses for the period resulting from the amortization of acquired NHS software in the amount of $2.5 million and other amortization expense of $61,000 for the nine months ended September 30, 2017.

Selling, general and administrative expenses increased by $5.4 million in Q3, 2017 when compared to Q2, 2017. The increase was primarily a result of the addition of $3.3 million in share-based compensation subsequent to receiving shareholder approval of the Company's stock option plan on July 27, 2017; an increase in employee wages and consultant fees of $981,000; an additional $634,000 in accounting and legal expenses; $277,000 in rent expense due in part to a prior elimination of an onerous lease provision of $258,000 that has been reinstated during Q3, 2017; accrued directors' fees of $59,000; and other expenses totalling $149,000.

Revenue increased from $3.3 million in Q2 to $4.6 million in Q3 and a total of $10.2 million for the nine months ended September 30, 2017. In addition, deferred revenue increased from $1.9 million as at June 30, 2017 to $2.6 million as at September 30, 2017, resulting from additional sales of the NHS software-as-a-service solution.

Liquidity

As at September 30, 2017, the Company had $13.2 million in current assets (December 31, 2016 current assets - $9.8 million) and had a working capital deficit of $12.3 million compared to the prior quarter of $10.1 million (December 31, 2016 working capital deficit - $1.6 million). The change in working capital is primarily a result of the increased expenses during the third quarter.

The Company raised $18.75 million through the issuance of Common Shares related to the acquisition of NHS under a share purchase agreement, raised $5.8 million through the issuance of Common Shares by way of private placements, converted $333,000 in shareholder loans to Common Shares, settled $84,000 in share subscriptions outstanding; and incurred share issuance costs of $759,000 during the nine months ending September 30, 2017. At September 30, 2017, the Company's net share capital was $48.2 million compared to $47.0 million as at June 30, 2017.

The Company also closed on the issuance of 983,753 Special Warrants in the Special Warrant Offering at $6.75 per Special Warrant for gross proceeds of $6.6 million. On November 17, 2017, the Company's final prospectus was receipted by the British Columbia Securities Commission thereby triggering the conversion of Special Warrants into Common Shares. The Company used proceeds from this offering to acquire 14 acres of land at Ramon Road under its CPL land purchase option agreement for $5.8 million.

On February 8, 2017, the Company issued secured promissory notes in an aggregate principal amount of $2.25 million to the former shareholders of NHS (the "**NHS Notes**"). The Company settled its obligation on the NHS Notes on August 8, 2017, thereby reducing its cash and secured promissory notes by $2.25 million each.

On February 10, 2017, the Company issued a secured convertible promissory note (the "**FSD Note**") in an aggregate amount of $4.5 million (USD$3.5 million) to the former membership unit holder of FSD. The FSD Note matures on December 31, 2017 and accrues interest at a rate of 0.75% per annum. The note is secured by the acquired FSD membership interests.

The FSD Note is convertible, in whole or in part, into Common Shares of the Company at any time at the option of the holder at a conversion price of USD$2.55. The FSD Note automatically converts into Common Shares of the Company at such time as the Common Shares of the Company are listed on the TSXV or equivalent exchange and have been trading for a period of at least 30 trading days at an average price equal to or in excess of USD$2.55 per Common Share.

On August 17, 2017, the Company issued secured promissory notes in an aggregate principal amount of $692,000 (USD$550,000) to the former membership unit holders of APL ("**APL Notes**"). The APL Notes are due the earlier of December 1, 2017 or upon payment of at least US$550,000 to the Company by Graceland Industries, Inc. or within 10 days after the Final Receipt is issued by the British Columbia Securities Commission for the Company's 's final prospectus. Graceland Industries, Inc. is a related party to Barker Pacific Group, Inc. ("**BPG**"). The APL Notes accrue interest at a rate of 0.50% per annum and are secured by the acquired membership units. On October 23, 2017, the Company repaid the APL Notes.

On December 15, 2016, the Company issued the secured convertible promissory notes for an aggregate principal amount of $9.3 million (USD$7.0 million) as partial compensation for the acquisition of the membership units of CPL (the "**CPL Notes**"). On February 6, 2017, the Company repaid $3.9 million (USD$3.0 million) of the CPL Notes. Subsequently on October 23, 2017, the Company repaid the balance of the notes outstanding of approximately $5.1 million (USD$4.0 million) including a currency gain of $276,000 due to the change in US dollar conversion rates at the time of repayment as compared to the time of issuance.

The FSD Note and CPL Notes are compound financial instruments. Although the issue and repayment amount are fixed in US currency amounts, when converted back to the Company's functional currency the result is a variable amount of cash. In other words, there is a variable carrying amount for the financial liability that arises from the changes in US dollar exchange rates. As a result, the conversion feature does not meet the "fixed-for-fixed" criteria for equity classification under IFRS. The conversion feature is therefore a derivative liability, where the value of the conversion feature is dependent on foreign exchange rates. The Company has elected to use the fair value option method and valued the embedded derivative and instrument collectively at fair value. As at September 30, 2017, the prevailing price per Common Share was $6.75 resulting from both the Special Warrant Offering and the US Private Placement. When estimating fair value using the Black Scholes option pricing model as described in the Consolidated Interim Financial Statements, the analysis results in an increase of the carrying amount to $17.2 million and a corresponding loss of $8.7 million applied to the Statement of Loss and Comprehensive Loss for the nine months ended September 30, 2017.

(In Canadian Dollars)

As at September 30, 2017, the Company had issued 3,120,000 stock options pursuant to the Stock Option Plan approved by the shareholders on July 27, 2017 at the Company's annual general meeting (the "**Stock Option Plan**"). The Company has expensed $2.9 million in stock-based compensation due to its issuance of stock options under the Stock Option Plan. Subsequent to September 30, 2017, the Company issued an additional 400,000 stock options on October 23, 2017 at an exercise price of $6.75. With the exception of 100,000 granted to a former executive officer of the Company that vested immediately upon granting, the options will vest as follows: 1/16 of the options shall vest on each of the subsequent three-month anniversaries of the Grant Date (as that term is defined in the Stock Option Plan) until all such options have vested.

Description of Security	**Number**	**Exercise Price**	**Date of Issuance**	**Proceeds if Exercised**
Stock Options	2,650,000	3.40	April 13, 2017	9,010,000
Stock Options	100,000	3.40	June 15, 2017	340,000
Stock Options	100,000	6.75	July 4, 2017	675,000
Stock Options	50,000	6.75	July 31, 2017	337,500
Stock Options	120,000	6.75	August 14, 2017	810,000
Stock Options	50,000	6.75	August 25, 2017	337,500
Stock Options	50,000	6.75	September 11, 2017	337,500
Stock Options	400,000	6.75	September 12, 2017	2,700,000
Total	3,520,000			$ 14,547,500

As at September 30, 2017, the Company had 1,017,322 warrants outstanding. Unless otherwise indicated, upon exercise, convert into one Common Share each. The warrants are issued in both Canadian and US denominated currencies as follows:

Description of Security	**Number**	**Exercise Price**	**Expiry Date**	**Proceeds if Exercised**
Warrants	38,941	$ 3.40	December 20, 2016	$ 132,399
Warrants	289,298	3.40	December 28, 2016	983,613
Warrants	14,525	3.40	February 7, 2018	49,385
Warrants	3,850	3.40	February 7, 2018	13,090
Warrants	100,000	3.40	June 15, 2019	340,000
Total	446,614			$ 1,518,488

Description of Security	Number	Exercise Price ($US)	Expiry Date	Proceeds if Exercised ($US)
Warrants	100,000	$ 2.55	April 12, 2019	$ 255,000
Warrants	100,000	2.55	May 1, 2019	255,000
Warrants	300,000	2.55	July 19, 2019	765,000
Total	500,000			$ 1,275,000

The US denominated warrants are classified as a liability as their exercise price is in US dollars, which is not the Company's functional currency. As at September 30, the fair value of the US denominated warrants is $2.1 million using the Black-Scholes option pricing model and applying a foreign exchange adjustment as provided in the Consolidated Interim Financial Statements.

Subsequent to the reporting period, on November 3, 2017 the Company issued $2.9 million in Convertible Notes and on November 14, 2017 it issued an additional $5.7 million in Convertible Notes for total proceeds of $8.6 million. The Convertible Notes expire on December 31, 2020 and bear interest at 8 percent per annum. They are convertible into Common Shares of the Company at $4.60 per share.

The Company is dependent on raising additional equity capital or debt to carry on its business operations for the next 12 months. It has $714,000 in cash on hand as at September 30, 2017. There is no guarantee that the Company will be able to raise the additional equity capital or debt required to fund its ongoing operations.

The Company has fixed payment contracts with management, personnel, landlords and other parties and accordingly requires working capital to meet its ongoing needs. A summary of the fixed payment contracts as at September 30, 2017 is as follows:

	Annual obligation as at September 30	
(000s)	2017	2016
Office and facility leases	$1,126	$-
Management contracts	2,273	-

Management contracts include bonuses payable at the discretion of the Company's board of directors (the "**Board**") and participation in the Stock Option Plan which was approved by the shareholders on July 27, 2017.

Capital Resources

As at September 30, 2017, the Company had the following consolidated lease commitments:

($000s)

2017	$ 332
2018	1,471
2019	1,528
2020	1,461
Thereafter	3,324
	$ 8,116

The lease commitments include properties in Goleta and Cathedral City, California; medical clinics, office space and education centres for NHS in Alberta, Saskatchewan, Manitoba and Ontario; and a commitment for the Company's Calgary, Alberta-based corporate offices. Lease commitments will be funded from ongoing operations.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Legal Proceedings

The Company is not aware of any legal proceedings or claims where there is at least a reasonable possibility that a material loss may be incurred.

Transactions between Related Parties

The Company's related parties, as defined by IAS 24, Related Party Disclosures, include the Company's controlling shareholders, directors, executive officers, key management personnel, and enterprises which are controlled by these individuals.

Related Party	Relationship
Anthony Holler, Chairman, CEO and Director	Director/Management
Leith Pedersen, President, Chief Strategy Officer and Director	Director/Management
Dan Vass, President of NHS and Director	Director/Management
Luke Stanton, Director	Director/Consultant/US Legal
Michael Barker, Director	Director
Todd Patrick, Director	Independent Director
Norm Mayr, Director	Independent Director
Ian Webb, Director	Independent Director
R. Michael Steele, CFO and EVP Finance	Management
Duncan Gordon, Chief Operating Officer	Management
Ben Rootman, VP Legal, Compliance, and Regulatory Affairs	Management
Hugh Ruthven, Chief Marketing Officer	Former Management

Related Party	Relationship
Mark Piesner, President US	Former Management
Jim Defer, Chief Financial Officer	Former Management
Robert Mills as Robert Mills Alter Ego Trust 1	Shareholder, note holder

The Company considered the executive officers and directors as the key management of the Company.

Total compensation of key Company personnel for the three and nine months ended September 30, 2017 is as follows:

	Three months ended		Nine months ended	
($000s)	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Consulting fees, wages, director fees and share-based payments	$2,480	$298	$3,169	$927

On May 1, 2017, the Company hired a President USA to run its operations in the United States. The President USA was subsequently released from his duties on July 27, 2017. In addition to wages payable, the President USA received US$57,000 in severance pay.

On May 14, 2017, the Company's Chief Financial Officer stepped down and was replaced by the Company's current Chief Financial Officer. There was no severance payable related to the transition and the former CFO retains 100,000 stock options exercisable for Common Shares.

The Company commenced accruing director's fees effective the date of the Company's annual general meeting on July 27, 2017 and fees will be payable in arrears in the fourth quarter. During the nine months ending September 30, 2017, the Company accrued non-management director's fees of $59,000 and an aggregate $475,000 in share-based compensation.

Amounts due to related parties is as follows as at September 30, 2017:

	September 30, 2017	December 31, 2016
Consulting fees and wages		
Leith Pedersen	-	$27,000
Anthony Holler	$262,000	
Luke Stanton	$15,000	
Loans from shareholders		
Robert Mills Alter Ego Trust 1	-	$336,000

Except as listed below, no related party had any material interest, direct or indirect, in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries:

The Company entered into a lease of industrial premises at Goleta in the County of Santa Barbara, California (the "**Goleta Facility Lease**"). Dr. Anthony Holler, the Company's Chairman and CEO, has guaranteed the Goleta Facility Lease on behalf of the Company with an estimated liability as at September 30, 2017 of $1.4 million.

Daniel Vass, Director and President of NHS, held a $450,000 secured promissory note payable by the Company resulting from his sale of NHS shares to the Company on February 8, 2017. The note was paid in full by the Company on August 8, 2017.

Michael Barker, a Director of the Company as at July 27, 2017, has a material interest in the Barker Pacific Group, Inc. ("**BPG**"). The Company has entered into the Barker MOU for the construction of the CPL Greenhouse Facility in Cathedral City, California. The total estimated cost of the CPL Greenhouse Facility is USD$54 million. Mr. Barker's interest in the transaction is expected to be approximately 10%. The Company, through its subsidiary CPL, subsequently entered into a definitive lease agreement with Sunniva Production Campus, LLC, ("SPCL") a related party to BPG, and was approved by the Board of Directors. The final lease is subject to BPG completing its debt and equity financing of SPCL and completion of the assignment agreements for assets held for sale.

Luke Stanton, Director of the Company as at July 27, 2017 and the sole director and officer of SCH, is the Founder and Executive Chairman of Frontera Law Group ("Frontera") and acts as the Company's US legal counsel. Mr. Stanton has also been separately retained as a consultant to conduct business development and government relations services on behalf of the Company in the United States for monthly compensation of $15,000. In addition, Mr. Stanton is a Partner of Skytree Capital Partners, LLC, a shareholder of the Company. As such Mr. Stanton has an interest in transactions considered or conducted by the Company. As at September 30, 2017, the Company owes Frontera $129,000.

Pending Transactions

On April 19, 2017, the Company entered into a memorandum of understanding with BPG for the turn-key construction and outfitting of the CPL Greenhouse Facility which includes the sale and lease back of the land and certain equipment, planning and design costs incurred prior to securing Conditional Use Permit from Cathedral City, CA. The assets in question are classified as assets held for sale on the Company's Condensed Interim Consolidated Statement of Financial Position (unaudited). Under the agreement, BPG or an affiliated company will fund the CPL Greenhouse Facility at an estimated capital cost of $54 million. The Company expects to recover the land purchase price of approximately $6.8 million plus an additional $2.1 million in soft costs and equipment costs for a total recovery of $8.9 million as at September 30, 2017. Expenditures incurred by the Company subsequent to September 30, 2017 and prior to completion of the final lease agreement are included in the asset purchase. Once the construction is materially complete and an occupancy permit is issued, the Company plans to lease the CPL Greenhouse Facility for approximately USD$8.7 million per year initially on a 15-year term with three five-year extensions. Subsequent to September 30, 2017, the Company entered into a definitive lease agreement with SPCL, a related party of BPG, and was approved by the Board on November 13, 2017. The transaction is subject to completion of SPCL financing and completion of an asset transfer arrangement. In conjunction with the lease agreement, the Company sold its land at Ramon Road, Cathedral City, CA, to SPCL for total consideration of $6.9 million (USD$5.1 million) which facilitates the conclusion of the SPCL debt financing including the resolution of land title and ownership transfers.

Critical Accounting Estimates

The preparation of the Consolidated Interim Financial Statements in conformity with IFRS requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the Consolidated Interim Financial Statements relate to the fair value measurements for inventory, estimated useful lives and related depreciation of property, plant and equipment, impairment assessment for intangibles and goodwill, and valuation of convertible instruments and warrant liability.

Changes in Accounting Policies Including Initial Adoption

No accounting policies were initially adopted during the three and nine months ended September 30, 2017.

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2017, and have not been applied in preparing the financial statements.

- IFRS 9 – Financial Instruments: IFRS 9 is effective for annual periods beginning on or after January 1, 2018.
- IFRS 15 – Revenue from contracts with customers: IFRS 15 is effective for annual periods beginning on or after January 1, 2018.
- IFRS 16 – Leases: IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of Common Shares without par value.

At the date of this MD&A, the Company had 26,541,193 (December 31, 2016 - 18,272,959) Common Shares issued and outstanding. In addition, the Company had 3,520,000 (December 31, 2016 – nil) stock options outstanding, and 2,097,469 (December 31, 2016 – 828,239) warrants outstanding. In addition, the Company issued $8.7 million under the Convertible Debenture Financing and on February 10, 2017, the Company issued the FSD Note in an aggregate amount of $4.5 million (USD$3.5 million).

During the period, the Board approved the Stock Option Plan for key employees, consultants and directors to present to the shareholders at the Company's annual general meeting. The Board authorized 3,784,600 options for the purchase of Common Shares. Subsequently, the Stock Option Plan was presented to a meeting of the shareholders of the Company on July 27, 2017 and the option plan was approved by the shareholders. The Stock Option Plan was further amended by the Board on September 25, 2017 to allow for a maximum number of stock options to be issued based on a number equal to 15% of outstanding shares on a fully-diluted basis less the amount of unexercised stock options currently issued and outstanding.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company is accumulated and communicated to management as appropriate to allow timely decision-making regarding required disclosures. The Company's CEO and CFO have concluded that information required to be disclosed in the Consolidated Interim Financial Statements and MD&A have been disclosed and fairly presented in the filings and that processes are in place to provide them with sufficient knowledge to support such representation. With consideration given to the limitations outlined in *Management's Responsibility for Financial Statements* herein, a control system, no matter how well conceived, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

RISKS AND UNCERTAINTIES

The Company is pursuing commercial ventures in the medical cannabis business that encompass the biotechnology and agricultural industries and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies the same business. Commencing in 2017, as a result if its acquisitions of NHS and FSD, the Company is expected to have ongoing revenue from operations. The Company continues to have limited capital resources and relies upon the sale of its assets or sale of its Common Shares for cash required to make new investments and to fund the operations of the Company.

Investing in our Common Shares involves significant risks. You should carefully consider the summary of risks described below, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in the Company's prospectus. The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected. In that event, the market price of our Common Shares could decline, and you could lose part or all of your investment.

Risks Related to the Company

- The Company is a development stage company with little operating history, and the Company cannot assure profitability.
- Uncertainty about the Company's ability to continue as a going concern.
- The Company has negative cash flow for the financial year ended December 31, 2016 and for the three subsequent quarters ending September 30, 2017.
- The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.
- The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations.
- There are factors which may prevent the Company from the realization of growth targets.
- The Company is reliant on its cultivation licenses to produce medical cannabis products in Canada and the U.S.
- The Company is subject to changes in Canadian laws, regulations and guidelines which could adversely affect the Company's future business, financial condition and results of operations.
- The Company's business plan involves a number of strategic partnerships. If these partnerships do not materialize, the Company may be unable to sell its products.
- The Company may not be able to develop its products, which could prevent it from ever becoming profitable.
- The Company's officers and directors control a large percentage of the Company's issued and outstanding Common Shares and such officers and directors may have the ability to control matters affecting the Company and its business.
- There is no assurance that the Company will turn a profit or generate immediate revenues.
- The Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.
- The Company may be unable to adequately protect its proprietary and intellectual property rights, particularly in the U.S.
- The Company may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Company relating to intellectual property rights.
- The Company may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on the Company's reputation, business, results from operations, and financial condition.
- The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates.
- The Company faces competition from other companies where it will conduct business that may have higher capitalization, more experienced management or may be more mature as a

business.

- If the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market.
- There is no assurance that the Company will obtain and retain any relevant licenses.
- Failure to successfully integrate acquired businesses, its products and other assets into the Company, or if integrated, failure to further the Company's business strategy, may result in the Company's inability to realize any benefit from such acquisition.
- The size of the Company's target market is difficult to quantify, and investors will be reliant on their own estimates on the accuracy of market data.
- The Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition.
- The Company continues to sell shares for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders.
- The Company currently has insurance coverage; however, because the Company operates within the cannabis industry, there additional difficulties and complexities associated with such insurance coverage.
- The cultivation of cannabis includes risks inherent in an agricultural business including the risk of crop loss, sudden changes in environmental conditions, equipment failure, product recalls and others.
- The Company is reliant on a single location. Adverse changes affecting the Cathedral City, CA, development project could materially affect the Company's plans.
- The cultivation of cannabis involves a reliance on third party transportation which could result in supply delays, reliability of delivery and other related risks.
- The Company may be subject to self-imposed product recalls for product defects or product recalls imposed by regulators.
- The Company is reliant on key inputs, such as water and utilities, and any interruption of these services could have a material adverse effect on the Company's finances and operating results.
- The expansion of the medical cannabis industry may require new clinical research into effective medical therapies, when such research has been restricted in the U.S. and is new to Canada.
- Under California and Canadian regulations, a licensed producer of cannabis may have restrictions on the type and form of marketing it can undertake which could materially impact sales performance.
- The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company.
- The Company will be reliant on information technology systems and may be subject to damaging cyber-attacks.
- The Company may be subject to breaches of security at its facilities, or in respect of electronic documents and data storage and may face risks related to breaches of applicable privacy laws.
- The Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest.
- In certain circumstances, the Company's reputation could be damaged.

Risk Factors Related to the United States

- Some of the Company's planned business activities, while believed to be compliant with applicable U.S. state and local law, are illegal under federal law.
- There is uncertainty regarding existing protection from federal prosecution.
- There is uncertainty surrounding the Trump Administration and Attorney General Jeff Sessions and their influence and policies in opposition to the cannabis industry as a whole.
- The Company is operating at a regulatory frontier. The cannabis industry is a new industry that may not succeed.
- The Company may not be able to obtain all necessary California licenses and permits or complete construction of its facilities timely, which could, among other things, delay or prevent the Company from becoming profitable.
- The Company is reliant on its cultivation licenses in Cathedral City to produce medical cannabis products in California and will be reliant on its ability to secure licenses in the State of California under Medicinal and Adult-Use Cannabis Regulation and Safety Act ("**MAUCRSA**") in the future.
- The Company's operations the United States cannabis market may become the subject of heightened scrutiny.
- Regulatory scrutiny of the Company's industry may negatively impact its ability to raise additional capital.
- Prohibition in California on "for profit" activities of the Company, on engaging in the cannabis business other than as a qualified patient member of a qualified cooperative or collective and on the non-medical use, cultivation, distribution, sale or purchase of cannabis.
- Uncertain impact of California's SB94 on license to engage in commercial cannabis activity; No assurance of success or profitability under the new legal and regulatory structure in California.
- California Legislation states that once the regulations promulgated by the Bureau of Cannabis Control (the "Bureau"), and any other California state agency that may become involved, are implemented, no person can engage in commercial cannabis activity without possessing both a state license and either a local permit, license or other authorization, or otherwise in compliance with local law.
- California Legislation gives priority in respect of the issuances of licenses to facilities and entities in operation and in good standing with a local jurisdiction by September 1, 2016, which is not applicable to the Company.
- There are fees associated with acquiring, and renewing, licenses. However, the specific amount of such fees has yet to be determined and may vary based on several factors yet to be determined.
- Applicable legislation imposes state taxes on California's cannabis industry, and authorizes local jurisdictions to assess taxes and fees on such activities. There currently is no way to predict the tax regime that will apply when (and if) such legislation becomes effective.
- The Company may incur significant tax liabilities if the Internal Revenue Service continues to determine that certain expenses of cannabis businesses are not permitted tax deductions under section 280E of the tax code.

- Under currently applicable law, the Company anticipates that it will be able to convert its current cooperative corporation structure into a "for-profit" corporate structure when California authorizes for-profit business cannabis activities; however, there are no assurances of what the legal climate will be in the future and if California will ever authorize such business activity.
- State and local laws and regulations may heavily regulate brands and forms of cannabis products and there is no guarantee that the Company's proposed products and brands will be approved for sale and distribution in any state.
- The Company may have difficulty accessing the service of banks and processing credit card payments in the future, which may make it difficult for the Company to operate.
- Due to the classification of cannabis as a Schedule I controlled substance under the Controlled Substances Act, banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes.
- Any re-classification of cannabis or changes in U.S. controlled substance laws and regulations may effect the Company's business.
- CBD is classified as Schedule I controlled substance. The DEA recently published a final rule in the Federal Register creating a new drug code for "marihuana extracts".
- U.S. Federal trademark and patent protection may not be available for the intellectual property of the Company due to the current classification of cannabis as a Schedule I controlled substance.
- The Company's contracts may not be legally enforceable in the U.S.

Risks Related to Our Securities

- The Company cannot assure you that a market will continue to develop or exist for our Common Shares or what the market price of our Common Shares will be.
- The Company will be subject to additional regulatory burden resulting from its public listing on the Canadian Securities Exchange.
- The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control.
- The Company is subject to uncertainty regarding legal and regulatory status and changes.
- The Company does not anticipate paying cash dividends.
- Future sales of Common Shares by existing shareholders could reduce the market price of the Company's shares.
- No guarantee on the use of available funds by the Company.

For detailed descriptions of the noted risks, reference the Company's prospectus filed on November 16, 2017.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and integrity of the 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 financial statements and MD&A, is complete and reliable.

The Board follows recommended corporate guidelines for public companies to ensure transparency and accountability to shareholders. The Board meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

The Company's management is responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers to design and implement on a cost-effective basis DC&P and ICFR as defined in National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**") may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

In contrast to the certificate required for non-venture issuers under NI 52-109, the Company files the Venture Issuer Basic Certificates which does not include representations relating to the establishment and maintenance of DC&P and ICFR. The certifying officers are not making any representations relating to the establishment and maintenance of:

1. Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislations; and
2. A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Canada Business Corporations Act* dealing with conflicts of interest. The Canadian corporate statutes specifically require each director (and officer) to disclose in writing (or request to have entered in the minutes of the board meeting) the nature and extent of the director's interest in a material contract or transaction or in a proposed one with the Company. The statutes further require the director to refrain from voting on a resolution to approve the contract or transaction except in narrow circumstances as defined in the act. In all circumstances, the directors and officers of the Company are required to act honestly, in good faith, and in the best interest of the Company.

Additional Information

Additional information related to the Company is be available for view on the Company's website at www.sunniva.com and through its public filings on www.sedar.com.