No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

*The offering of these securities has not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act",) or the applicable securities laws of any state of the United States and, subject to certain exceptions, may not be offered, sold or otherwise disposed of, directly or indirectly, in the United States, its territories or possessions, any State of the United States or the District of Columbia (collectively, the "**United States**") and may not be offered or sold within the United States or to, or for the account or benefit of, any "U.S. person" (as such term is defined in Regulation S under the U.S. Securities Act ("**U.S. Person**")) except in transactions exempt from registration under the U.S. Securities Act and under the securities laws of any applicable state. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in the United States. See "Plan of Distribution".*

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the issuer at 1200 Waterfront Centre, 200 Burrard Street, P.O. Box 48600, Vancouver, British Columbia V7X 1T2, telephone (604) 687-5744, and are also available electronically at www.sedar.com.*

SHORT FORM PROSPECTUS

NEW ISSUE March 20, 2018

SUNNIVA INC.

$25,018,500

2,566,000 Units

$9.75 per Unit

This short form prospectus (the "**Prospectus**") qualifies the distribution (the "**Offering**") of 2,566,000 units (the "**Units**") of Sunniva Inc. (the "**Company**" or "**Sunniva**") at a price of $9.75 per Unit (the "**Offering Price**"). Each Unit consists of one common share in the capital of the Company (a "**Unit Share**") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "**Warrant**") of the Company. Each Warrant will entitle the holder thereof, subject to adjustment in accordance with the Warrant Indenture (as defined below) to acquire one common share (a "**Warrant Share**") of the Company at an exercise price of $12.50 for a period of 24 months following the Closing Date (as defined below) (the "**Warrant Expiry Date**"). The Warrants will be governed by a warrant indenture (the "**Warrant Indenture**") to be entered into on or before the Closing Date between the Company and Odyssey Trust Company (the "**Warrant Agent**").

The Offering is being made pursuant to an underwriting agreement dated March 12, 2018 (the "**Underwriting Agreement**"), by and among the Company, Beacon Securities Limited and Canaccord Genuity Corp. (together, the "**Co-Lead Underwriters**") and Bloom Burton Securities Inc. (collectively, the "**Underwriters**").

The Company's common shares (the "**Common Shares**") are currently traded on the Canadian Securities Exchange (the "**CSE**") under the symbol "SNN" and on the OTCQX under the symbol "SNNVF". On March 5, 2018, the last trading day prior to the announcement of the Offering, the closing price of the Common Shares on the CSE was $10.94. On March 19, 2018, the last trading day before the date of this Prospectus, the closing price of the Common Shares on the CSE was $9.96 per Common Share. The Company has given notice to the CSE to list the Unit Shares, the Warrant Shares and the Compensation Option Shares (as defined below) on the CSE. Listing will be subject to the Company fulfilling all of the requirements of the CSE.

The Company has not applied and does not intend to apply for the listing of the Warrants on any securities exchange. There is no market through which the Warrants may be sold and purchasers may not be able to resell the Warrants purchased under this Prospectus. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. See "*Risk Factors*".

Price: $9.75 per Unit

	Price to the Public[(1)]	Underwriters' Fee[(2)]	Net Proceeds to the Company[(3)]
Per Unit	$9.75	$0.59	$9.17
Total	$25,018,500	$1,501,110	$23,517,390

(1) The Offering Price was determined by arm's length negotiation between the Company and the Co-Lead Underwriters, on behalf of the Underwriters with reference to the prevailing market price of the Common Shares.

(2) The Company has agreed to pay the Underwriters a cash fee (the "**Underwriters' Fee**") equal to 6% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option (as defined below)). The Underwriters will also receive, as additional compensation, non-transferable compensation options ("**Compensation Options**") to purchase the number of Common Shares that is equal to 6% of the Units sold pursuant to the Offering (including any Over-Allotment Units (as defined below)). Each Compensation Option is exercisable to purchase one Common Share (a "**Compensation Option Share**") at a price of $9.75 for a period of 24 months from the Closing Date. This Prospectus also qualifies the distribution of the Compensation Options. See "*Plan of Distribution*".

(3) After deducting the Underwriters' Fee, but before deducting the expenses of the Offering estimated to be $300,000, which will be paid from the proceeds of the Offering.

The Underwriters have been granted an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days from and including the Closing Date (the "**Over-Allotment Deadline**"), to purchase up to an additional 384,900 Units (the "**Over-Allotment Units**") at the Offering Price to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes (the "**Over-Allotment Option**"). The Over-Allotment Option may be exercised, at the Co-Lead Underwriters' sole discretion, to acquire: (i) up to an additional 384,900 Over-Allotment Units at the Offering Price; (ii) up to 384,900 additional Unit Shares (the "**Over-Allotment Shares**") at a price of $9.74 per Over-Allotment Share (the "**Over-Allotment Share Price**"); (iii) up to 192,450 additional Warrants (the "**Over-Allotment Warrants**") at a price of $0.02 per Over-Allotment Warrant (the "**Over-Allotment Warrant Price**"); or (iv) any combination of Over-Allotment Units at the Offering Price, Over-Allotment Shares at the Over-Allotment Share Price and Over-Allotment Warrants at the Over-Allotment Warrant Price, provided that the aggregate number of Over-Allotment Shares which may be issued under the Over-Allotment Option does not exceed 384,900 and the aggregate number of Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 192,450. The Over-Allotment Option is exercisable by the Co-Lead Underwriters giving notice to the Company prior to the Over-Allotment Deadline, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and/or Over-Allotment Warrants to be purchased. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Company" will be $28,771,275, $1,726,276.50 and $27,044,998.50, respectively. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants forming part of the Underwriters' over-allocation position acquires those Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "*Plan of Distribution*".

The following table sets out the maximum number of securities under options issuable to the Underwriters in connection with the Offering:

Underwriters' Position	Maximum Number of Securities	Exercise Period	Exercise Price
Over-Allotment Option	384,900 Over-Allotment Units	For a period of 30 days from and including the Closing Date	$9.75 per Over-Allotment Unit $9.74 per Over-Allotment Share $0.02 per Over-Allotment Warrant
Compensation Options	177,054 Compensation Option Shares	24 months from the Closing Date	$9.75 per Compensation Option Share

Unless the context otherwise requires, when used herein, all references to "Units" include the Over-Allotment Units issuable upon exercise of the Over-Allotment Option, all references to "Unit Shares" include the Over-Allotment Shares issuable upon exercise of the Over-Allotment Option, all references to "Warrants" include the Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option and all references to "Warrant Shares" include the Common Shares issuable upon exercise of the Over-Allotment Warrants.

Investing in the Units is speculative and involves significant risks. You should carefully review and evaluate certain risk factors contained in this Prospectus and in the documents incorporated by reference herein before purchasing the Units. See "*Forward-Looking Information*" and "*Risk Factors*".

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the Company and delivered to and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters on behalf of the Company by Borden Ladner Gervais LLP and on behalf of the Underwriters by Cassels Brock and Blackwell LLP. In connection with the Offering, and subject to applicable laws, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may offer the Units at a lower price than stated above. See "*Plan of Distribution*".**

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about March 27, 2018, or such other date as may be agreed upon by the Company and the Underwriters, but in any event not later than 42 days after the date of the receipt of the (final) short form prospectus (the "**Closing Date**").

It is anticipated that the Units will be delivered under the book-based system through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and deposited in electronic form. A purchaser of the Units will receive only a customer confirmation from the registered dealer from or through which such Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold such Units on behalf of owners who have purchased such Units in accordance with the book-based system. No certificates will be issued unless specifically requested or required. See "*Plan of Distribution*".

Michael Barker, Luke Stanton, and Todd R. Patrick, each a director of the Company, reside outside of Canada. Each of these directors and officer has appointed Borden Ladner Gervais LLP, 1200 Waterfront Centre, 200 Burrard Street, P.O. Box 48600, Vancouver, British Columbia V7X 1T2, as agent for service of process in Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

The Company's registered and records office is located at 1200 Waterfront Centre, 200 Burrard Street, PO Box 48600, Vancouver, British Columbia V7X 1T2. The Company's head office is located at 1200 Waterfront Centre, 200 Burrard Street, PO Box 48600, Vancouver, British Columbia V7X 1T2.

This Prospectus qualifies the distribution of securities of an entity that is expected to directly and indirectly derive a portion of its revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. federal law. The Company is directly and indirectly involved in the cannabis industry in the United States where local state law permits such activities, as well as the medical cannabis industry in Canada. Canada has regulated medical use and commercial activity involving cannabis and recently released Bill C-45, which proposes the enactment of the Cannabis Act, to regulate the production, distribution and sale of cannabis for unqualified adult use, with a target implementation date of summer, 2018.

Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances under the *Controlled Substances Act* (the "CSA"). An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment.

Almost half of U.S. states have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol ("THC"), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a Schedule II controlled substance under the CSA in the United States and as such, is illegal under federal law in the United States.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. Unless and until the United States Congress amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current federal law, which may adversely affect the current and future investments of the Company in the United States. As such, there are a number of risks associated with the Company's existing and future investments in the United States, and such investments may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. There can be no assurance that this heightened scrutiny will not in lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction. See "*Risk Factors Specifically Related to the United States Regulatory System*". As a result, the Company may be subject to significant direct and indirect interaction with public officials.

There can be no assurance that third party service providers, including, but not limited to, suppliers, contractors and banks will not suspend or withdraw services which could negatively impact the business of the Company.

It has been reported by certain publications in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS, refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settlement hub settling trades in the Canadian equity, fixed income and money markets. The TMX Group, owner and operator of CDS subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S., despite media reports to the contrary and that they were working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time. On November 24, 2017, the TMX Group issued a further statement acknowledging that the matter is complex and touches multiple aspects of Canada's capital market system and, as such, requires close examination and careful consideration. The TMX Group noted that CDS continues to work with regulators and exchanges to arrive at a solution that will clarify this matter for issuers, investors, participants and the public. This solution will be founded on each exchange's role in applying listing requirements, including exchange rules related to issuers' compliance with applicable laws. In the interim, the TMX Group reiterated there is no CDS ban on the clearing of securities of issuers with marijuana-related activities in the U.S. On February 8, 2018, CDS signed a memorandum of understanding (the "CDS MOU") with the Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange and the TSX Venture Exchange (collectively, the "Exchanges"). The CDS MOU outlines CDS' and the Exchanges' understanding of Canada's

regulatory framework applicable to the rules and procedures and regulatory oversight of the Exchanges and CDS. The CDS MOU confirms, with respect to the clearing of listed securities, that CDS relies on the Exchanges to review the conduct of listed issuers. As a result, there is currently no CDS ban on the clearing of securities of issuers with marijuana-related activities in the U.S. However, if CDS were to proceed in the manner suggested by these publications, and apply such a policy to the Company, it would have a material adverse effect on the ability of holders of Common Shares to make trades. In particular, the Common Shares would become highly illiquid as investors would have no ability to effect a trade of the Common Shares through the facilities of a stock exchange.

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GENERAL MATTERS

Unless otherwise noted or the context indicates otherwise, the "**Company**", "**Sunniva**", "**we**", "**us**", "**our**" and "**its**" refer to Sunniva Inc. and its direct and indirect subsidiaries and the term "**marijuana**" has the meaning given to the term "marihuana" in the *Access to Cannabis for Medical Purposes Regulations*. The phrase "**cannabis-related activities**" means the cultivation, production, manufacture, importation, possession, purchase, use, sale and distribution of cannabis or cannabis products.

An investor should rely only on the information contained or incorporated by reference in this Prospectus. The Company or the Underwriters have not authorized anyone to provide investors with additional or different information. The Company and the Underwriters are not making an offer to sell or seeking offers to buy the Units in any jurisdiction where the offer or sale is not permitted. Prospective purchasers should assume that the information appearing or incorporated by reference in this Prospectus is accurate only as at the respective dates thereof, regardless of the time of delivery of the Prospectus or of any sale of the Units. The Company's business, financial condition, results of operations and prospects may have changed since that date.

The Company presents its consolidated financial statements in Canadian dollars. Amounts in this Prospectus are stated in Canadian dollars unless otherwise indicated.

NON-IFRS FINANCIAL MEASURES

In this Prospectus, reference is made to "net loss after adjustments" and "Adjusted Working Capital", which are not measures recognized under International Financial Reporting Standards ("**IFRS**") and do not have standardized meaning prescribed by IFRS. "Net loss after adjustments" and Adjusted Working Capital are presented or incorporated by reference in this Prospectus because management of the Company believes these non-IFRS measures are relevant measures of the ability of the Company to earn revenue and to evaluate the Company's performance. Since the non-IFRS measures are not determined under IFRS, they may not be comparable to similarly titled measures reported by other issuers. These non-IFRS measures should not be construed as alternatives to net income (loss) or working capital in accordance with IFRS.

The Company calculates "net loss after adjustments" as net income (loss) after the elimination of non-cash expenses attributed to the fair value adjustments for convertible notes and warrants, share-based compensation and depreciation attributed to the NHS (as defined below) acquisition.

The Company calculates "Adjusted Working Capital" as working capital after the addition of warrant liability and valuation adjustment and the subtraction of assets held for sale.

A quantitative reconciliation of "Adjusted Working Capital" to working capital is found in the chart entitled "Adjusted Working Capital as at September 30, 2017" under the heading "Going Concern" in the management discussion and analysis in connection with the Interim Financial Statements (as defined below).

Set out below is a quantitative reconciliation from "net loss after adjustments" to the net income (loss):

(*000s*)	
Net Income (loss)	**(18,631)**
Adjustments for:	
Amortization and depreciation	2,538
Fair value increase in secured promissory notes and warrant liability	8,675
Share based payments	3,311
Net loss after adjustments	**(4,107)**

FORWARD-LOOKING INFORMATION

This Prospectus and the documents incorporated by reference herein contain certain "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking statements**") which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. Such statements can be identified by the use of forward-looking terminology such as "expect," "likely", "may," "will," "should," "intend," or "anticipate", "potential", "proposed", "estimate" and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions "may" or "will" happen, or by discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. Such forward-looking statements are made as of the date of this Prospectus, or in the case of documents incorporated by reference herein, as of the date of each such document. Forward-looking statements in this Prospectus and the documents incorporated by reference herein include, but are not limited to, statements with respect to:

- the completion of the Offering, the anticipated Closing Date and the receipt of all regulatory and stock exchange approvals in connection therewith;
- the use of the net proceeds of the Offering;
- the Company's expectations regarding its revenue, expenses, production, operations, costs, cash flows and future growth;
- expectations with respect to future production costs and capacity;
- the intention to grow the business and operations of the Company;
- expectations with respect to the approval, renewal and/or extension of the Company's licenses;
- the Company's anticipated cash needs and its needs for additional financing;
- statements related to the effect and consequences of certain regulatory initiatives and related announcements, and the impact thereof for shareholders, industry participants and other stakeholders;
- expectations with respect to the future growth of its medical cannabis products, including delivery mechanisms;
- the competitive conditions of the industry and the competitive and business strategies of the Company;
- the Company's investments in the United States, the characterization and consequences of those investments under federal law, and the framework for the enforcement of medical cannabis and cannabis-related offenses in the United States;
- the grant and impact of any license or supplemental license to conduct activities with cannabis or any amendments thereof;
- any commentary related to the legalization of medical cannabis and the timing related to such legalization;
- the Company's plans to lobby California state officials through third party lobbyists and ensure its licenses in Cathedral City are maintained in good order;
- the Company's intention to exploit opportunities for the production, processing, distribution and sale of cannabis products in the United States;
- the Company's belief that it will not trigger any of the federal enforcement priorities set forth in the (now rescinded) Cole Memo (as defined below);
- the Company's expected business objectives for the next twelve months;
- the Company's ability to obtain additional funds through the sale of equity or debt commitments;
- the Company's plans to develop the Sunniva Canada Campus (as defined below), the CPL Facility (as defined below) and the APL Facility (as defined below);
- expectations with respect to securing financing for the Sunniva Canada Campus; and

- applicable laws, regulations and any amendments thereto.

Forward-looking statements contained in certain documents incorporated by reference into this Prospectus are based on the key assumptions described in such documents. Certain of the forward-looking statements contained herein and incorporated by reference concerning the medical cannabis industry and the general expectations of the Company concerning the medical cannabis industry and concerning the Company are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the medical cannabis industry involves risks and uncertainties and is subject to change based on various factors.

A number of factors could cause actual events, performance or results to differ materially from what is projected in forward-looking statements. 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. Given these risks, uncertainties and assumptions, prospective purchasers of Units should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "*Risk Factors*", which include:

- the Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability;
- uncertainty about the Company's ability to continue as a going concern;
- there is no assurance that the Company will turn a profit or generate immediate revenues;
- the Company had negative cash flow for the financial year ended December 31, 2016 and the nine months ended 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 relating 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 obtaining and maintaining 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 intended strategic relationships. If these relationships 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;
- 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 a 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 will continue to sell securities for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders;
- the Company may not be able to secure all necessary financing in time to begin, continue and complete the Sunniva Canada Campus on schedule;
- the Company currently has insurance coverage; however, because the Company operates within the cannabis industry, there are 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 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 product recalls for product defects self-imposed or 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 operation 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 ("**LP**") has 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;
- 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 of existing protection from U.S. 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's business operations may come under additional scrutiny by governmental and non-governmental agencies;
- due to the classification of cannabis as a Schedule II controlled substance under the CSA, the property of the Company may be seized and the operations of the Company shut down;
- 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 MAUCRSA in the future;
- the Company's operations in 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;
- 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-related 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;
- 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 ("**IRS**") continues to determine that certain expenses of cannabis businesses are not permitted to be deducted for tax purposes under section 280E of the Internal Revenue Code of 1986, as amended (the "**Tax Code**");
- 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;

- the Company is reliant on third-party suppliers, manufacturers and contractors;
- due to the classification of cannabis as a Schedule II controlled substance under the CSA, 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 affect the Company's business;
- cannabidiol ("**CBD**") is classified as Schedule I controlled substance. The Drug Enforcement Agency ("**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 II controlled substance;
- the Company's contracts may not be legally enforceable in the U.S;
- management of the Company has discretion concerning the use of proceeds;
- there is currently no market for Warrants;
- holders of Warrants have no rights as shareholders;
- 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 Canadian legal and regulatory status and changes;
- the Company does not anticipate paying cash dividends; and
- future sales of Common Shares by existing shareholders could reduce the market price of the Company's shares.

If any of these risks or other unknown risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements.

The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. You should not place undue reliance on forward-looking statements contained in this Prospectus or in any document incorporated by reference. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are expressly qualified in their entirety by this cautionary statement.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this Prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunities and market share, is based on information from independent industry organizations, other third-party sources (including industry publications, surveys and forecasts) and management studies and estimates.

Unless otherwise indicated, our estimates are derived from publicly available information released by independent industry analysts and third-party sources as well as data from our internal research, and include assumptions made by us which we believe to be reasonable based on our knowledge of our industry and markets. Our internal research and assumptions have not been verified by any independent source, and we have not independently verified any third-party information. While we believe the market position, market opportunity and market share information included in this Prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry and markets in which we operate

are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the heading "*Forward-Looking Statements*" and "*Risk Factors*".

TRADEMARKS AND TRADE NAMES

This Prospectus includes trademarks and trade names, such as "Sunniva", which is protected under applicable intellectual property laws and are the property of the Company. Solely for convenience, our trade-marks and trade names referred to in this Prospectus may appear without the ® symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks, and trade names.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, each of which has been filed with the securities regulatory authorities in British Columbia, Alberta and Ontario, are specifically incorporated by reference and form an integral part of this Prospectus:

(a) the following sections of our long form prospectus dated November 16, 2017, prepared in connection with the Company's initial public offering (the "**IPO Prospectus**"):

   i. "Financial Statement Presentation in this Prospectus", "Forward-Looking Statements", "Our Business", "Description of Share Capital", "Use of Proceeds", "Description of Material Indebtedness", "Directors and Executive Officers", "Executive Compensation", "Director Compensation", "Corporate Governance", "Interest Of Management And Others", "Indebtedness Of Directors And Executive Officers", "Legal Proceedings", "Auditors, Transfer Agent and Registrar", "Material Contracts", "Experts", "Glossary Of Terms", "Schedule A - Board Mandate" and "Schedule B - Audit Committee Mandate"; and

   ii. the Company's audited consolidated financial statements for the years ended December 31, 2016 and December 31, 2015 and for the period from the date of incorporation on August 11, 2014 to December 31, 2014 and related notes, and the management's discussion and analysis in connection therewith;

(b) the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2017 and related notes (the "**Interim Financial Statements**"), and the management's discussion and analysis in connection therewith;

(c) the Company's material change report dated March 1, 2018 announcing the Company's definitive wholesale agreement with Canopy Growth Corporation;

(d) the marketing materials of the Company dated March 6, 2018 with respect to the Offering; and

(e) the Company's material change report dated March 8, 2018 announcing the Offering.

Any documents of the type referred to in paragraphs (a)-(e) above or similar material and any documents required to be incorporated by reference herein pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*, including any annual information form, all material change reports (excluding confidential reports, if any), all annual and interim financial statements and management's discussion and analysis relating thereto, or information circular or amendments thereto that the Company files with any securities commission or similar regulatory authority in Canada after the date of this Prospectus and prior to the termination of this Offering will be deemed to be incorporated by reference in this Prospectus and will automatically update and supersede information contained or incorporated by reference in this Prospectus.

Any statement contained in this Prospectus or a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be

incorporated by reference herein modifies or replaces such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded.

MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus. Any "template version" of "marketing materials" (each as defined in National Instrument 41-101 – *General Prospectus Requirements*), filed after the date of this Prospectus and before the termination of the distribution under the Offering is deemed to be incorporated by reference into this Prospectus.

DESCRIPTION OF THE BUSINESS

Corporate Structure

The Company was incorporated pursuant to the *Canada Business Corporations Act* (the "**CBCA**") on August 11, 2014. The Company's articles of incorporation were amended on August 14, 2017 to change its name from Sunniva Holdings Corp. to Sunniva Inc. and to remove certain transfer restrictions with respect to the Common Shares. The Common Shares are listed on the CSE under the symbol "SNN" and on the OTCQX under the symbol "SNNVF".

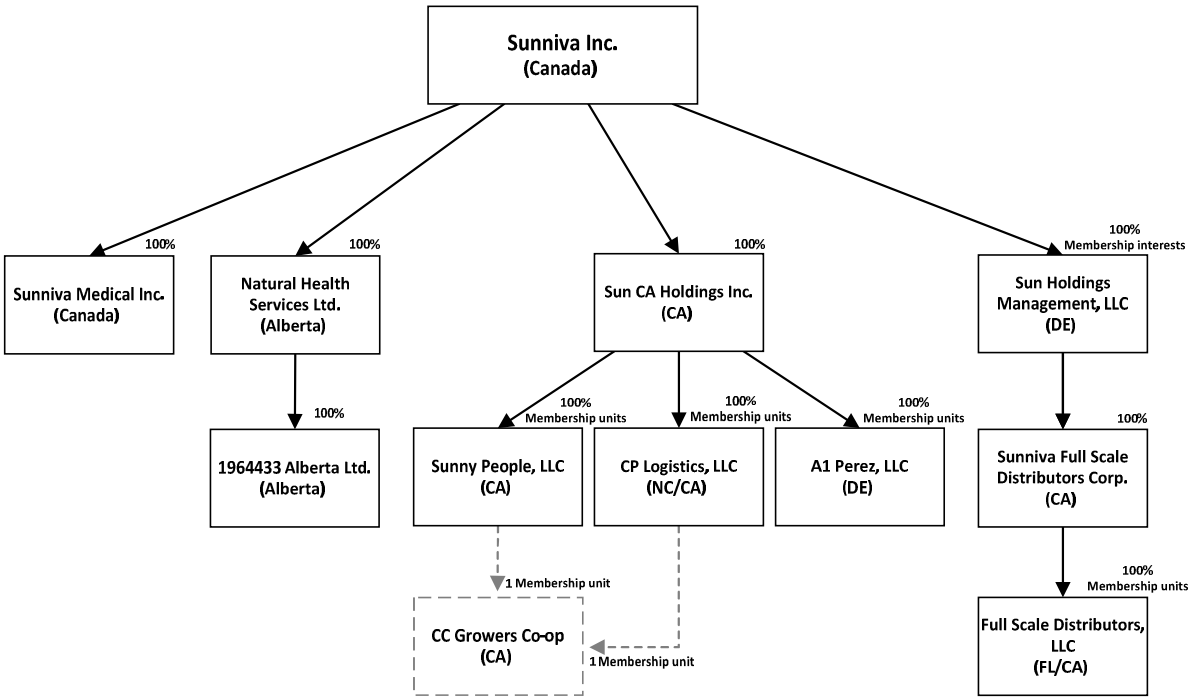
The Company's registered and records office is located at 1200 Waterfront Centre, 200 Burrard Street, PO Box 48600, Vancouver, British Columbia V7X 1T2. The Company's head office is located at 1200 Waterfront Centre, 200 Burrard Street, PO Box 48600, Vancouver, British Columbia V7X 1T2. The Company's corporate website is www.sunniva.com.

The Company has ten wholly owned subsidiaries. The Company has three wholly owned Canadian subsidiaries: Sunniva Medical Inc. ("**SMI**"), National Health Services Ltd. ("**NHS**") and 1964433 Alberta Ltd. ("**196**"). The Company and SMI were incorporated under the CBCA. NHS and 196 were incorporated under the *Business Corporations Act* (Alberta). The Company and SMI are headquartered in Vancouver, British Columbia. NHS and 196 are headquartered in Calgary, Alberta.

Additionally, the Company has seven wholly owned United States subsidiaries: Sun Holdings Management, LLC (Delaware), Full-Scale Distributors, LLC (Florida) ("**FSD**"), Sunniva Full Scale Distributors Corporation (California), CP Logistics, LLC (North Carolina) ("**CPL**"), Sun CA Holdings, Inc. (California) ("**SCH**"), Sunny People, LLC (California) and A1 Perez, LLC (Delaware) ("**APL**"). The Company has also formed an arm's length cooperative known as California CC Growers Cooperative.

The following chart illustrates, as of the date hereof, the Company's corporate structure, together with the place of incorporation/governing law of each principal wholly-owned subsidiary and the percentage of voting securities beneficially owned by the Company.

CORPORATE STRUCTURE



Business of the Company

The Company is a Canadian-based, North American biopharmaceutical company providing products and services to the medical cannabis industry in Canada and California.

Recent Developments

Corporate Developments

Full-Scale Distributors, LLC Acquisition

On February 10, 2017, the Company acquired FSD (the "**FSD Acquisition**"). As at December 31, 2017, no additional contingent consideration payments had been made pursuant to the FSD Acquisition. On March 31, 2018, the Company will complete its calculation to determine whether any amounts of additional contingent consideration are payable for the period ended December 31, 2017, in accordance with the terms of the agreement governing the FSD Acquisition. On February 15, 2018, the Company repaid the secured convertible promissory note issued in connection with the FSD Acquisition (the "**FSD Note**"), through a combination of cash and Common Shares. See "*Prior Sales*".

Convertible Debenture Financing

The Company conducted a non-brokered private placement of 8% unsecured convertible debentures of the Company pursuant to prospectus exemptions under applicable securities legislation (the "**Convertible Debenture Financing**"), raising total gross proceeds of $12.13 million. The principal amount of the 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. See "*Prior Sales*". The proceeds from the Convertible Debenture Financing were anticipated to be used as follows:

(a) $6,800,000 to advance the CPL Facility;

(b) $1,400,000 to advance the APL Facility;

(c) $500,000 to advance the Canadian license application with Health Canada for the Sunniva Canada Campus; and

(d) the remainder for working capital.

As at the date of this Prospectus, the Company has spent approximately $1,000,000 to advance the APL Facility, $100,000 to advance the Sunniva Canada Campus location, including the Canadian license application with Health Canada, $3,800,000 to fund working capital and $2,800,000 for the repayment of the FSD Note, from the proceeds of the Convertible Debenture Financing. No expenditures were made from the proceeds of the Convertible Debenture Financing to advance the CPL Facility as under the Build to Suit Lease Agreement (as defined below), certain capital funding initially estimated for the CPL Facility is being assumed by SPCL (as defined below). As at the date of this Prospectus, the Company has a cash balance of approximately $4,300,000 remaining from the proceeds of the Convertible Debenture Financing.

Appointment of Chief Financial Officer and President and Chief Executive Officer of SCH

On January 3, 2018, David Negus joined the Company as Chief Financial Officer and is accountable for the administrative, financial and risk management operations of the Company. Mr. Negus most recently served as the CFO of the company Luvo, Inc. ("**Luvo**"). At Luvo, he was responsible for finance, supply chain operations, information technology, human resources and investor relations. Prior to his role at Luvo, Mr. Negus was Vice President, Corporate Controller at lululemon. In his role at lululemon, Mr. Negus led the finance team through their initial public offering and was responsible for their global financial reporting, accounting, tax, and treasury functions. As part of the lululemon leadership team, he played an integral role in the development and build out of a finance team that supported the business from a private company to a multi-billion dollar international organization. Mr. Negus holds a CPA, CA designation.

On January 3, 2018, Vinayak Shastry joined the Company as the President of SCH, the Company's main US operating subsidiary. Mr. Shastry is responsible for the overall management and direction of the Company's California operations. Mr. Shastry has been employed as a consultant to the Company in California since October 2017. Prior to working with the Company, Mr. Shastry was an executive with Foundation Partners, a California based real estate development company. Prior to Foundation Partners, Mr. Shastry served as the Chief Financial Officer of IDEA Solutions, a software services company headquartered in San Jose, California with over 1,200 employees globally. IDEA Solutions was acquired in 2014 by Xoriant. Earlier in his career, Mr. Shastry worked in private equity and investment banking at TPG Capital and Morgan Stanley, respectively. Mr. Shastry earned a B.S. in Electrical Engineering and Computer Science.

Formation of Medical and Scientific Advisory Committee

The Company has formed a Medical and Scientific Advisory Committee ("**MSAC**") responsible for providing management and the board of directors of the Company (the "**Board**") with science-based guidance as it relates to medical cannabis. In particular, the MSAC will provide guidance by:

- reviewing current available medical literature which addresses the safety and efficacy of medical cannabis in treating human disease;

- providing insight into mechanisms by which the Company may emerge and continue as a world leader in the medical cannabis industry;

- identifying areas in which evidence-based data is lacking, so that targeted research opportunities can be fostered with collaborating academic institutions;

- developing and maintaining relationships with collaborating academic institutions;
- from a patient and community safety standpoint, identifying obstacles and challenges that may interfere with the corporate mandate;
- developing strategies to help mitigate problems identified above;
- as required, providing the Company with guidance on issues of compliance, regulation and legislation within the medical cannabis industry; and
- addressing any matter that may result from the foregoing and any other matter as may reasonably be requested by the Board or management of the Company.

The MSAC currently consists of seven members; three of whom are independent of the Company and its subsidiaries and all of whom are experienced health professionals with significant experience in their area of expertise.

Canadian Activities

Wholesale Agreement with Canopy Growth Corporation

On February 20, 2018, the Company entered into a definitive wholesale agreement (the "**Agreement**") with Canopy Growth Corporation ("**Canopy**") whereby the Company, through its wholly-owned subsidiary, SMI, has committed to sell Canopy 45,000 kilograms of premium quality cannabis annually over an initial two-year period commencing in calendar Q1 2019.

Under the terms of the Agreement, Canopy and the Company will share in the revenues as product is sold through Canopy's distribution network including its online marketplace, Tweed Main Street, and via provincial distribution channels. The revenue share will be based on the strain, sales channel and other relevant factors. The Agreement is subject to SMI receiving its licence from Health Canada, which is currently in the final review stage, and completing the Sunniva Canada Campus, a 700,000 square foot greenhouse facility in British Columbia, Canada (the "**Sunniva Canada Campus**").

The Sunniva Canada Campus has an overall estimated project budget of approximately $105,000,000 which includes the debt servicing costs in the first year of $5,000,000; external physical structure costs of $22,000,000; internal structure costs including the automated table systems, irrigation, lighting and climate control of $35,000,000; contractor hard costs, architectural and engineering costs, project administration costs and contingency and reserves of $43,000,000. This does not include the purchase or lease cost of the land itself that will underlie the Sunniva Canada Campus which is dependent on the site selection.

The final site selection and acquisition of the land via purchase or lease is expected to occur by the end of April 2018 with site work to commence shortly thereafter. Construction is expected to commence in June 2018 with phased occupancy targeted for December 2018.

U.S. Activities

The Company is still in the development phase of commencing U.S. cannabis-related activities, and has not yet begun any cultivation or distribution of cannabis in the U.S. As at September 30, 2017, the date of the Interim Financial Statements, there were no material quantifications necessary to the balance sheet or operating statement of the Company related to exposure to U.S. cannabis-related activities. For a detailed discussion of the Company's business, including the nature of the Company's involvement in the U.S. cannabis industry, see the section titled "*Our Business*" in the IPO Prospectus.

APL Facility

In early January 2018, APL received temporary licenses from the State of California Department of Public Health Manufactured Cannabis Safety Branch for its extraction facility for volatile and non-volatile extraction (the "**APL Facility**"). The licenses authorize the holder to engage in commercial cannabis-related activity. The APL Facility is currently under construction and it is anticipated to be operational by the end of Q1 2018. The APL Facility is expected to process 500 lbs/day of bio mass for extraction.

Build to Suit Lease Agreement

CPL entered into a build-to-suit lease agreement (the "**Build to Suit Lease**") with Sunniva Production Campus, LLC ("**SPCL**") on October 20, 2017 for the construction of a greenhouse facility in Cathedral City, California (the "**CPL Facility**"), which will be owned by SPCL. The Build to Suit Lease and construction of the CPL Facility, among other things, were conditional on the receipt of funding by SPCL from third party investors and bankers. This funding was received on March 14, 2018.

U.S. Federal Regulations

The Sessions Memo

On January 4, 2018, Attorney General Jeff Sessions and the US Department of Justice ("**DOJ**") issued a Memorandum for all United States Attorneys entitled "Marijuana Enforcement" (the "**Sessions Memo**"). The effect of the Sessions Memo has been to rescind the guidance issued on August 29, 2013 relative to medical marijuana enforcement under the Cole Memorandum (the "**Cole Memo**").

The Sessions Memo instructs federal prosecutors to disregard the previous Obama-era Cole Memo guidance, and instead follow "the well-established principles that govern all federal prosecutions . . . as reflected in chapter 9-27.000 of the U.S. Attorney's Manual." The Sessions Memo continues, stating, "[t]hese principles require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes in the community."

The effect of the Cole Memo's rescission remains to be seen. Since 1980, when chapter 9-27.000 of the U.S. Attorney's Manual was originally promulgated, the United States has undergone a dramatic shift in both national and state-level marijuana policy. In 1980, there were zero (0) states in the U.S. with marijuana decriminalization or legalization statutes. Today, twenty-nine (29) states and the District of Columbia have enacted medical marijuana legislation in some form, with additional states considering similar legalization measures. As a result, the manner in which the factors identified in chapter 9-27.000 of the U.S. Attorney's Manual (e.g. "seriousness of the crime," "deterrent effect of criminal prosecution," and cumulative impact . . . in the community") are considered and interpreted today as a matter of prosecutorial discretion, will likely be different than the way in which they were considered and interpreted in 1980.

On the same day of the Sessions Memo's release, numerous government officials, legislators and federal prosecutors in states with medical and recreational marijuana statutes announced their intention to continue the Cole Memo-era status quo despite the DOJ's decision to rescind it. The impact that this lack of uniformity between state and federal authorities could have on individual state cannabis markets and the businesses that operate within them is unclear and the enforcement of relevant federal laws is a significant risk.

The Company will continue to abide by the tenets of the Cole Memo indefinitely, and strictly comply with all of the federal priorities listed under the Cole Memo, despite the fact that it has been rescinded. The Company views compliance with these federal government principles as an absolute necessity for both the success of the Company as well as the emergence of a successful regulated marketplace in the United States. Further, management will continue to assess all considerations relevant to federal law enforcement priorities in this arena, and to monitor all related political and regulatory developments. For a more detailed discussion of the tenets of the Cole Memo, including the

Company's approach to abiding by the tenets of the Cole Memo, see the section titled "*Our Business*" in the IPO Prospectus.

California Regulations

The Company believes California state law enforcement (and regulatory agencies) will be respected as the primary enforcer of medical cannabis regulations despite the rescission of the Cole Memo. The Company operates within the framework of the *Medicinal and Adult-Use Cannabis Regulation and Safety Act* (California) ("**MAUCRSA**") and believes it should not trigger any one of the federal enforcement priorities enumerated under the Cole Memo or under the chapter 9-27.000 of the U.S. Attorney's Manual.

The Company has retained U.S. legal counsel in order to monitor the California state regulatory regime and proactively advise management and the Board on ongoing regulatory matters. For a more detailed description of the regulatory framework enacted by the state of California, and how the Company monitors and ensures compliance with such regulation, see the section titled "*Our Business*" in the IPO Prospectus. The Company does not currently have material direct involvement in cultivation or distribution of marijuana in California.

CONSOLIDATED CAPITALIZATION

Since September 30, 2017, the date of the Company's most recently filed Interim Financial Statements, there have been no changes in the Company's share capital on a consolidated basis other than as outlined under "*Prior Sales*." For information on the exercise of options pursuant to the Company's stock option plan, and the exercise of certain outstanding Warrants, see the section titled "*Prior Sales*."

As of March 9, 2018, the Company has 27,746,539 Common Shares issued and outstanding. Upon completion of the Offering, there will be an aggregate of 30,312,539 Common Shares issued and outstanding (30,697,439 Common Shares outstanding if the Over-Allotment Option is exercised in full).

As of March 9, 2018, the Company has options outstanding to purchase up to an aggregate 3,995,000 Common Shares. Upon completion of the Offering, there will be options outstanding to purchase up to an aggregate 4,148,960 Common Shares (including the Compensation Options) (options outstanding to purchase up to an aggregate 4,172,054 Common Shares if the Over-Allotment Option is exercised in full).

As of March 9, 2018, the Company has Warrants outstanding to purchase up to an aggregate of 1,756,079 Common Shares. Upon completion of the Offering, there will be Warrants outstanding to purchase up to an aggregate 3,039,079 Common Shares (Warrants outstanding to purchase up to an aggregate 3,231,529 Common Shares if the Over-Allotment Option is exercised in full).

The following table sets forth the Company's indebtedness and shareholders' equity as of March 9, 2018 on an actual basis and adjusted to give effect to the Convertible Debenture Financing and the Offering as though they had occurred on September 30, 2017. The table below should be reviewed in conjunction with the Interim Financial Statements of the Company.

000s	As at September 30, 2017 ($)	Adjusted to give effect to the Convertible Debenture Financing ($)	Adjusted to give effect to the Offering and the Convertible Debenture Financing [(1)] ($)	Adjusted to give effect to the Offering (assuming full exercise of the Over-Allotment Option) and the Convertible Debenture Financing [(2)] ($)
Cash and cash equivalents	714	12,849	36,366	39,894
Debt (including current maturities)				
Convertible notes	17,207	17,207	17,207	17,207
Warrant liability	2,077	2,077	2,077	2,077
Convertible Debentures	-	12,135	12,135	12,135
Total Debt	19,284	31,419	31,419	31,419
Total Equity	29,616	29,616	53,133	56,661
Total Capitalization	**48,900**	**61,035**	**84,552**	**88,080**

(1) Without giving effect to the exercise of the Over-Allotment Option, based on the issuance of 2,566,000 Units for gross proceeds of $25,018,500 less the Underwriters' Fee of $1,501,110, but before deducting the expenses of the Offering, estimated to be $300,000, which will be paid from the proceeds of the Offering.

(2) After giving effect to the exercise of the Over-Allotment Option, based on the issuance of an aggregate of 2,950,900 Units for gross proceeds of $28,771,275 less the Underwriters' Fee of $1,726,276.50, but before but before deducting the expenses of the Offering, estimated to be $300,000, which will be paid from the proceeds of the Offering.

USE OF PROCEEDS

Proceeds

The net proceeds to the Company from the Offering are estimated to be $23,517,390 after deducting the payment of the Underwriters' Fee of $1,501,110, but before deducting the expenses of the Offering (estimated to be approximately $300,000). If the Over-Allotment Option is exercised in full, the net proceeds to the Company from the sale of the Units are estimated to be $27,044,998.50 after deducting the Underwriters' Fee of $1,726,276.50, but before deducting the expenses of the Offering (estimated to be approximately $300,000).

Principal Purposes

The Company intends to use the majority of the net proceeds of the Offering to fund deposits for commencing development at the Sunniva Canada Campus, purchasing additional equipment for the APL Facility, the additional development of the Company's SPARK enterprise platform to support continued NHS patient expansion and for working capital.

Upon completion of the Offering, the Company intends to allocate and use the net proceeds in the following manner:

- It is intended that approximately $15,000,000 of the net proceeds of the Offering will be used to fund deposits with construction vendors for the Sunniva Canada Campus.
- It is intended that approximately $1,200,000 of the net proceeds of the Offering will be used to purchase equipment for the initiation of oils and extracts manufacturing at the APL Facility.
- It is intended that approximately $1,000,000 of the net proceeds of the Offering will be used for the continued development of the SPARK enterprise platform to support continued NHS patient expansion.

- It is intended that the remainder of the net proceeds of the Offering will be used by the Company for working capital purposes of a nature typical for a company engaged in the cultivation and sale of marijuana and related products.

Significant Events, Milestones or Objectives

The primary business objectives for the Company over the next 12 months are:

1) commence operations of the CPL Facility (anticipated Q3 2018);
2) initiate manufacturing of cannabis oils and extracts at the APL Facility (anticipated Q1 2018);
3) expand NHS' patient network; and
4) break ground and commence construction of the Sunniva Canada Campus (anticipated Q2 2018).

Significant events that need to occur for the business objectives to be accomplished:

1) Commence operations of the CPL Facility:
    a. complete build of the CPL Facility;
    b. receive annual state operating licenses; and
    c. hire workforce.
2) Initiate oils and extracts manufacturing at the APL Facility:
    a. complete equipment purchases; and
    b. train cannabis extracts technical personnel.
3) Expand NHS' patient network:
    a. continue development of SPARK enterprise platform; and
    b. recruit additional full-time-equivalent physicians.
4) Break ground and commence construction of the Sunniva Canada Campus:
    a. finalize site selection;
    b. receive Health Canada Confirmation of Readiness Letter;
    c. fund vendor deposits; and
    d. secure project financing of $100,000,000 by June 30, 2018. The Company anticipates it will secure this financing through a combination of debt, mezzanine and equity financing.

The above noted allocation represents the Company's intentions with respect to its use of proceeds based on current knowledge, planning and expectations of management of the Company. Actual expenditures may differ from the estimates set forth above. There can be no assurances the above objectives will be completed. See "*Risk Factors*".

The Company had negative cash flow from operating activities for the year ended December 31, 2016 and the nine months ended September 30, 2017. The Company will not use proceed from the Offering to fund expected negative cash flow from operating activities.

As at February 28, 2018, the Company had a current working capital balance of approximately $1,259,000.

If the Over-Allotment Option is exercised in full, the Company will receive additional net proceeds of $3,527,608.50 after deducting the Underwriters' Fee. The net proceeds from the exercise of the Over-Allotment Option, if any, is expected to be used for the same purposes as described above.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Company has agreed to sell and the Underwriters have agreed to severally, and not jointly or jointly and severally, purchase, as principals, 2,566,000 Units at a price of $9.75 per Unit, for aggregate gross consideration of $25,018,500 payable in cash to the Company against delivery of the Units. The Offering Price has been determined by arm's length negotiation between the Company and the Co-Lead Underwriters, on behalf of the Underwriters, with reference to the prevailing market price of the Common Shares. The obligations of the Underwriters under the Underwriting Agreement are several (and not joint or joint and several), are subject to certain closing conditions and may be terminated at their discretion on the basis of "disaster out", "material change out", "regulatory out" and "breach out" provisions in the Underwriting Agreement and may also be terminated upon the occurrence of certain other stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any Units are purchased under the Underwriting Agreement.

The Underwriters have been granted the Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriters, until the Over-Allotment Deadline to cover the Underwriters' over-allocation position, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised, at the Co-Lead Underwriters' sole discretion, to acquire: (i) up to 384,900 Over-Allotment Units at the Offering Price; (ii) up to 384,900 Over-Allotment Shares at the Over-Allotment Share Price; (iii) up to 192,450 Over-Allotment Warrants at the Over-Allotment Warrant Price; or (iv) any combination of Over-Allotment Units at the Offering Price, Over-Allotment Shares at the Over-Allotment Share Price and Over-Allotment Warrants at the Over-Allotment Warrant Price, provided that the aggregate number of Over-Allotment Shares which may be issued under the Over-Allotment Option does not exceed 384,900 and the aggregate number of Over-Allotment Warrants which may be issued under the Over-Allotment Option does not exceed 192,450. The Over-Allotment Option is exercisable by Co-Lead Underwriters, giving notice to the Company prior to the Over-Allotment Deadline, which notice shall specify the number of Over-Allotment Units, Over-Allotment Shares and/or Over-Allotment Warrants to be purchased. This Prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units, Over-Allotment Shares and Over-Allotment Warrants issuable upon exercise of the Over-Allotment Option. A purchaser who acquires Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants forming part of the Underwriters' over-allocation position acquires those Over-Allotment Units, Over-Allotment Shares or Over-Allotment Warrants under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In consideration for the services provided by the Underwriters in connection with the Offering, and pursuant to the terms of the Underwriting Agreement, the Company has agreed to pay the Underwriters the Underwriters' Fee equal to 6% of the gross proceeds from the Offering (including any gross proceeds raised on exercise of the Over-Allotment Option).

The Underwriters will also receive, as additional compensation, the Compensation Options. Each Compensation Option is exercisable to purchase a Compensation Option Share at the Offering Price for a period of 24 months from the Closing Date. This Prospectus also qualifies the distribution of the Compensation Options.

The Offering is being made in each of the provinces of British Columbia, Alberta and Ontario. The Units will be offered in each of the relevant provinces of Canada through those Underwriters or their affiliates who are registered to offer the Units for sale in such provinces and such other registered dealers as may be designated by the Underwriters. The Units may be offered and sold in the United States in a private placement. Subject to applicable law, the Underwriters may offer the Units in such other jurisdictions outside of Canada and the United States as agreed between the Company and the Underwriters.

The Company has given notice to the CSE to list the Unit Shares, the Warrant Shares and the Compensation Option Shares on the CSE. Listing will be subject to the Company fulfilling all listing requirements of the CSE. The Company has not applied and does not intend to apply for the listing of the Warrants on any securities exchange.

The Underwriters propose to offer the Units initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Units at the Offering Price, the offering price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the

Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Units is less than the gross proceeds paid by the Underwriters to the Company.

Pursuant to the Underwriting Agreement, the Company has agreed not to, other than in connection with a transaction submitted to the Company's shareholders for approval, directly or indirectly, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or enter into any derivative transaction that has the effect of any of the foregoing, or agree to or announce any intention to issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or enter into any derivative transaction that has the effect of any of the foregoing, any Common Shares or any securities convertible into or exchangeable for, or otherwise exercisable to acquire Common Shares or other equity securities of the Company for a period of 90 days after the Closing Date, without the prior written consent of the Co-Lead Underwriters, on behalf of the Underwriters, such consent not to be unreasonably withheld, except: (i) pursuant to the exercise of the Over-Allotment Option; (ii) under existing director or employee stock options, bonus or purchase plans or similar share compensation arrangements as detailed in this Prospectus; (iii) under director or employee stock options or bonuses granted subsequently in accordance with any required regulatory approval and in a manner consistent with the Company's past practice; (iv) upon the exercise of convertible securities, warrants or options outstanding prior to the date of this Prospectus; or (v) pursuant to previously scheduled payments and/or other corporate acquisitions.

The Company has also agreed to use commercially reasonable efforts to cause each of the directors, officers and holders of greater than 5% of the Company's issued and outstanding Common Shares as of the date of this Prospectus to enter into an agreement in favour of the Underwriters pursuant to which he, she or it shall covenant and agree that he, she or it will not, directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, lend, swap, or otherwise dispose of, transfer, assign, or announce any intention to do so, any Common Shares or any securities convertible into or exchangeable for Common Shares or other equity securities of the Company, whether now owned directly or indirectly, or under their control or direction, or with respect to which each has beneficial ownership or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of Common Shares, whether such transaction is settled by the delivery of Common Shares, other securities, cash or otherwise, other than pursuant to a bona fide take-over bid or any other similar transaction made generally to all of the shareholders of the Company, provided that, in the event the change of control or other similar transaction is not completed, such securities shall remain subject to the lock-up agreement, for a period of 90 days after the Closing Date.

Pursuant to policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to certain exceptions including: (a) a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities, (b) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was for the purpose of maintaining a fair and orderly market and not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, such securities, or (c) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Consistent with these requirements, and in connection with this distribution, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those which otherwise might prevail on the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on the CSE, in the over-the-counter market or otherwise.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about March 27, 2018, or such other date as may be agreed upon by the Company and the Underwriters, but in any event no later than 42 days after the date of the receipt of the (final) short form prospectus. It is anticipated that the Units will be delivered under the book-based system through CDS or its nominee and deposited in electronic form. A purchaser of Units will receive only a customer confirmation from the registered dealer from or through which the Units are purchased and who is a CDS depository service participant. CDS will record the CDS participants who hold Unit Shares on behalf of owners who have purchased Units in accordance with the book-based system. No certificates will be issued unless specifically requested or required.

Pursuant to the terms of the Underwriting Agreement, the Company has agreed to reimburse the Underwriters for certain expenses incurred in connection with the Offering and to indemnify the Underwriters and their directors, officers, employees, and agents against, certain liabilities and expenses and to contribute to payments the Underwriters may be required to make in respect thereof.

Any Units offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws, and accordingly the Units may not be offered or sold in the United States (if at all) or for the account or benefit of, persons within the United States or U.S. Persons, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriters have agreed that, except as permitted by the Underwriting Agreement and as expressly permitted by applicable United States federal and state securities laws, they will not offer or sell any of the Units to, or for the account or benefit of, persons within the United States or U.S. Persons. The Underwriters may: offer and resell the Units that they have acquired pursuant to the Underwriting Agreement in the United States to persons who are "qualified institutional buyers", as such term is defined in Rule 144A under the U.S. Securities Act ("**Qualified Institutional Buyers**"), in compliance with Rule 144A under the U.S. Securities Act and applicable U.S. state securities laws. The Underwriters will offer and sell the Units outside the United States only in accordance with Regulation S under the U.S. Securities Act. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Units offered under the Offering in the United States. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Units in the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made other than in accordance with an exemption from such registration requirements.

The Warrants may not be exercised in the United States, or by or for the account of a U.S. Person or a person in the United States except pursuant to exemptions from the registration requirements of the U.S. Securities Act and any applicable state securities laws, and the holder has delivered to the Company a written opinion of counsel, in form and substance satisfactory to the Company; provided, however, that a Qualified Institutional Buyer that purchased the Warrants from the Underwriters pursuant to the Rule 144A under the U.S. Securities Act for its own account, or for the account of another Qualified Institutional Buyer for which it exercised sole investment discretion with respect to such original purchase (an "**Original Beneficial Purchaser**"), will not be required to deliver an opinion of counsel if it exercises the Warrants for its own account or for the account of the Original Beneficial Purchaser, if any, if each of it and such Original Beneficial Purchaser, if any, was a Qualified Institutional Buyer at the time of its purchase and exercise of the Warrants.

The Unit Shares and the Warrants comprising the Units offered hereby and the Warrant Shares issuable upon exercise of the Warrants, in each instance issued to, or for the account or benefit of, persons in the United States or U.S. Persons, will be "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act. Certificates issued representing such securities (if any) will bear a legend to the effect that the securities represented thereby are not registered under the U.S. Securities Act or any applicable U.S. state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws.

Terms used and not defined in the three preceding paragraphs shall have the meanings ascribed thereto by Regulation S under the U.S. Securities Act.

DESCRIPTION OF SECURITIES BEING DISTRIBUTED

The Offering consists of 2,566,000 Units (2,950,900 Units if the Over-Allotment Option is exercised in full). Each Unit will be comprised of one Unit Share and one-half of one Warrant.

Common Shares

The authorized capital of the Company consists of an unlimited number of Common Shares. As of March 9, 2018, there were 27,746,539 Common Shares outstanding.

Holders of Common Shares are entitled to receive notice of, attend and vote at meetings of the shareholders (other than meetings at which only holders of another class or series of shares are entitled to vote separately as a class or series). Each Common Share carries the right to one vote. The holders of Common Shares are entitled to receive any

dividends if and when declared by the Company in respect of the Common Shares, subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares ranking in priority to the Common Shares with respect of the payment of dividends. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, holders of Common Shares are also entitled to receive, on a *pro rata* basis, the remaining property and assets of the Company available for distribution after payment of all of its liabilities and subject to the rights of the holders of any other class of shares ranking in priority to the Common Shares. The Common Shares do not have pre-emptive rights, conversion rights or exchange rights and are not subject to redemption, retraction, purchase for cancellation or surrender provisions. There are no sinking or purchase fund provisions, no provisions permitting or restricting the issuance of additional securities or any other material restrictions, and there are no provisions which are capable of requiring a security holder to contribute additional capital.

Provisions as to the modification, amendment or variation of the rights attached to the Common Shares are contained in the Company's bylaws and the CBCA. Generally speaking, substantive changes to the authorized share structure require the approval of the Company's shareholders by special resolution (at least two-thirds of the votes cast).

Warrants

The Warrants will be governed by the Warrant Indenture to be entered into on or before the Closing Date between the Company and the Warrant Agent. Under the Warrant Indenture, each Warrant will entitle the holder thereof to acquire, subject to adjustment in accordance with the Warrant Indenture, one Warrant Share at an exercise price of $12.50 per Warrant Share (subject to adjustment in accordance with the Warrant Indenture) at any time prior to the Warrant Expiry Date.

Warrant Indenture

The following summary of certain provisions of the Warrant Indenture does not purport to be complete and is subject in its entirety to the detailed provisions of the executed Warrant Indenture. Reference is made to the Warrant Indenture for the full text of the attributes of the Warrants which, following the closing of the Offering: (i) will be filed on SEDAR under the issuer profile of the Company at www.sedar.com; and (ii) may be obtained on request without charge from the secretary of the Company at 1200 Waterfront Centre, 200 Burrard Street, P.O. Box 48600, Vancouver, British Columbia V7X 1T2, telephone (604) 687-5744. A register of holders of Warrants will be maintained at the principal offices of the Warrant Agent.

No fractional Common Shares will be issuable to any holder of Warrants upon the exercise thereof, and no cash or other consideration will be paid *in lieu* of fractional shares. The holding of Warrants will not make the holder thereof a shareholder of the Company or entitle such holder to any right or interest in respect of the Warrants except as expressly provided in the Warrant Indenture. Holders of Warrants will not have any voting or pre-emptive rights or any other rights of a holder of Common Shares.

The Warrant Indenture is expected to provide that the number of Warrant Shares which may be acquired by a holder of Warrants upon the exercise thereof will be subject to anti-dilution provisions governed by the Warrant Indenture, including provisions for the appropriate adjustment of the class, number and price of the securities issuable under the Warrant Indenture upon the occurrence of certain events including:

(a) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of Common Shares by way of a stock dividend or other distribution (other than a distribution of Common Shares upon the exercise of any outstanding warrants or options);

(b) the subdivision, redivision or change of the Common Shares into a greater number of shares;

(c) the consolidation, reduction or combination of the Common Shares into a lesser number of shares;

(d) the issuance to all or substantially all of the holders of Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per Common Share to the holder (or at an exchange or conversion price per share)

of less than 95% of the "current market price", as defined in the Warrant Indenture, of Common Shares on such record date; and

(e) the issuance or distribution to all or substantially all of the holders of Common Shares of (i) securities, including rights, options or warrants to acquire shares of any class or securities exchangeable or convertible into any such shares or property or assets or (ii) any property or assets, including evidences of indebtedness.

The Warrant Indenture is also expected to include provisions for the appropriate adjustment of the class, number and price of the securities issuable under the Warrant Indenture upon the occurrence of the following additional events:

(a) the reclassification of the Common Shares or exchange or change of the Common Shares into other shares;

(b) the amalgamation, arrangement or merger with or into any other corporation or other entity (other than an amalgamation, arrangement or merger which does not result in any reclassification of the outstanding Common Shares or an exchange or change of the Common Shares into other shares); and

(c) the transfer of the Company's undertakings or assets as an entirety or substantially as an entirety to another corporation or other entity.

The Warrant Indenture is expected to provide that no adjustment in the exercise price or number of Warrant Shares will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of Warrant Shares purchasable upon exercise by at least one one-hundredth (1/100th) of a Common Share, as the case may be.

The Company is also expected to covenant in the Warrant Indenture, during the period in which the Warrants are exercisable, to give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, a prescribed number of days prior to the record date or effective date, as the case may be, of such event.

The Warrant Indenture is expected to provide that, from time to time, the Warrant Agent and the Company, without the consent of the holders of Warrants, may be able to amend or supplement the Warrant Indenture for certain purposes, including rectifying any ambiguities, defective provisions, clerical omissions or mistakes, or other errors contained in the Warrant Indenture or in any deed or indenture supplemental or ancillary to the Warrant Indenture, provided that, in the opinion of the Warrant Agent, relying on legal counsel, the rights of the holders of Warrants, as a group, are not prejudiced thereby.

The Warrant Indenture is also expected to provide that in the event of an extraordinary transaction, as described in the Warrant Indenture and generally including any merger, arrangement or amalgamation of the Company with or into another entity, sale of all or substantially all of the Company's assets, tender offer or exchange offer, or reclassification of the Common Shares, the holders of the Warrants will generally be entitled to receive upon exercise of the Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the Warrants immediately prior to such extraordinary transaction.

The Warrant Indenture is also expected to contain provisions making binding upon all holders of Warrants resolutions passed at meetings of such holders in accordance with such provisions or by instruments in writing signed by holders of Warrants holding a specified percentage of the Warrants. Any amendment or supplement to the Warrant Indenture that is prejudicial to the interests of the holders of Warrants, as a group, is expected to be subject to approval by an "Extraordinary Resolution", which is expected be defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 20% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 2/3% of the aggregate number of Warrants represented at the meeting in person or by proxy and voted on the poll for such resolution; or (ii) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66 2/3% of the number of all of the then outstanding Warrants.

Dividends

As of the date of this Prospectus, Sunniva has not declared dividends and has no current intention to declare dividends on its Common Shares in the foreseeable future. Any decision to pay dividends on its Common Shares in the future will be at the discretion of the Board and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, any future contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board may deem relevant.

PRIOR SALES

The following tables sets forth the details regarding all issuances of Common Shares, including issuances of all securities convertible or exchangeable into Common Shares, during the 12-month period before the date of this Prospectus.

Common Shares

Date of Issuance	Description of Security	Price per Security	Number of Securities
April 11, 2017	Common Shares (1)	USD$2.55	19,608
June 22, 2017	Common Shares (2)	$2.91	114,325
September 15, 2017	Common Shares (3)	$6.75	183,672
October 10, 2017	Common Shares (3)	$6.75	13,057
October 28, 2017	Common Shares (4)	N/A	999,473
November 23, 2017	Common Shares (5)	N/A	94,878
January 16, 2018	Common Shares (6)	USD$2.55	25,000
January 17, 2018	Common Shares (6)	$3.40	212,926
January 22, 2018	Common Shares (6)	$3.40	1,540
January 23, 2018	Common Shares (6)	$3.40	9,947
January 24, 2018	Common Shares (6)	$3.40	9,944
January 24, 2018	Common Shares (6)	$6.75	1,579
January 25, 2018	Common Shares (6)	$3.40	18,326
January 26, 2018	Common Shares (6)	$3.40	6,459
January 29, 2018	Common Shares (6)	USD$2.55	44,400
January 29, 2018	Common Shares (6)	$3.40	941
January 31, 2018	Common Shares (6)	$3.40	6,505
January 31, 2018	Common Shares (7)	$3.40	100,000
January 31, 2018	Common Shares (8)	$4.60	11,082
February 1, 2018	Common Shares (6)	$6.75	756
February 5, 2018	Common Shares (7)	$3.40	18,750
February 15, 2018	Common Shares (9)	N/A	500,000
February 21, 2018	Common Shares (6)	$3.40	3,000
February 21, 2018	Common Shares (6)	$6.75	67
February 26, 2018	Common Shares (8)	$4.60	22,269
March 6, 2018	Common Shares (7)	$3.40	50,000
March 6, 2018	Common Shares (8)	$4.60	44,642
March 8, 2018	Common Shares (8)	$4.60	22,335

(1) Issued pursuant to a non-brokered private placement at a price of $3.40 or USD$2.55.

(2) Issued pursuant to certain loans owed by the Company.

(3) Issued pursuant to a non-brokered private placement at a price of $6.75.

(4) Issued pursuant to the deemed exercise of 897,500 special warrants and 11,112 corporate finance fee special warrants into 987,250 Common Shares and 12,223 Common Shares, respectively.

(5) Issued pursuant to the deemed exercise of 86,253 special warrants into 94,878 Common Shares.

(6) Issued pursuant to the exercise of previously issued warrants.

(7) Issued pursuant to the exercise of stock options.

(8) Issued pursuant to the conversion of convertible debentures issued in connection with the Convertible Debenture Financing.

(9) Issued pursuant to the settlement of the FSD Note.

Stock Options

Date of Issuance	Description of Security	Price per Security	Number of Securities
April 13, 2017	Stock Options	$3.40	2,650,000
June 15, 2017	Stock Options	$3.40	100,000
July 4, 2017	Stock Options	$6.75	100,000
July 31, 2017	Stock Options	$6.75	50,000
August 14, 2017	Stock Options	$6.75	120,000
August 25, 2017	Stock Options	$6.75	50,000
September 11, 2017	Stock Options	$6.75	50,000
October 23, 2017	Stock Options	$6.75	400,000
December 8, 2017	Stock Options	$6.75	175,000
January 3, 2018	Stock Options	$6.75	650,000

Warrants

Date of Issuance	Description of Security	Price per Security	Number of Securities
June 22, 2017	Warrants (1)	$3.40	100,000
October 23, 2017	Warrants (2)	$4.60	1,091,259
October 28, 2017	Warrants (3)	$6.75	59,596

(1) Issued to Bloom Burton Securities Inc. as compensation for financial advisory services.

(2) Issued to Matrix BPG Holdings, LLC, a related party to Barker Pacific Group, Inc., in connection with the purchase of the Ramon Road property by SPCL.

(3) Issued pursuant to the conversion of 59,596 broker special warrants.

Special Warrants

Date of Issuance	Description of Security	Price per Security	Number of Securities
June 27, 2017	Special Warrants (1)	$6.75	866,900
June 27, 2017	Corporate Finance Fee Special Warrants (2)	$6.75	11,112
August 9, 2017	Special Warrants (1)	$6.75	57,853
September 19, 2017	Special Warrants (1)	$6.75	59,000

(1) On October 28, 2017 and November 23, 2017, 897,500 special warrants and 86,253 special warrants, respectively, were deemed to be exercised into 987,250 Common Shares and 94,878 Common Shares, respectively.

(2) On October 28, 2017, the 11,112 corporate finance fee special warrants were deemed to be exercised into 12,223 Common Shares.

Broker Special Warrants

Date of Issuance	Description of Security	Price per Security	Number of Securities
June 27, 2017	Broker Special Warrants (1)	$6.75	51,683
August 9, 2017	Broker Special Warrants (1)	$6.75	3,783
September 19, 2017	Broker Special Warrants (1)	$6.75	4,130

(1) Issued to the certain agents and registrants comprising the selling group in connection with the IPO Prospectus. The broker warrants issued on exercise or deemed exercise of the broker special warrants have an exercise price of $6.75 per Common Share. On October 28, 2017, the broker special warrants were deemed to be exercised and converted into 59,596 broker warrants.

Convertible Notes

Date of Issuance	Description of Security	Price per Security	Principal Amount
November 3, 2017	Convertible Notes (1)	$4.60	$2,950,059.40
November 14, 2017	Convertible Notes (1)	$4.60	$5,724,541.87
December 29, 2017	Convertible Notes (1)	$4.60	$3,460,040

(1) Issued pursuant to the Convertible Debenture Financing.

TRADING PRICE AND VOLUME

The outstanding Common Shares are traded on the CSE under the trading symbol "SNN". The following table sets forth the reported intraday high and low prices and monthly trading volumes of the Common Shares since the Common Shares began trading on the CSE.

Period	High Trading Price	Low Trading Price	Volume
January 10 – 31, 2018(1)	$17.93	$7.40	9,288,935
February 1 – 28, 2018	$13.94	$9.29	4,183,150
March 1 – 19, 2018(2)	$11.37	$9.55	2,002,478

(1) The Common Shares began trading on the CSE on January 10, 2018.

(2) March 19, 2018 was the last trading day prior to the date of this Prospectus.

On March 19, 2018, the last day of trading prior to the date of this Prospectus, the closing price per Common Share on the CSE was $9.96.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In this summary, an otherwise undefined term that first appears in quotation marks has the meaning ascribed to it in the *Income Tax Act* (Canada) (the "**Tax Act**").

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Units pursuant to this Offering. This summary applies only to a purchaser who is a beneficial owner of Unit Shares, Warrants and Warrant Shares acquired pursuant to this Offering and who, for the purposes of the Tax Act, and at all relevant times:

(i) deals at arm's length and is not affiliated with the Company or the Underwriters, and

(ii) holds the Unit Shares, Warrants and Warrant Shares as capital property, and

is not, at any relevant time for those purposes

(iii) exempt from tax under Part I of the Tax Act,

(iv) a "financial institution" for the purposes of the "mark-to-market" property rules in the Tax Act,

(v) a "specified financial institution,"

(vi) an entity or partnership an interest in which is a "tax shelter investment,"

(vii) a taxpayer who reports its "Canadian tax results" in a currency other than Canadian currency,

(viii) a taxpayer that receives dividends on Unit Shares or Warrant Shares under or as part of a "dividend rental arrangement", or

(ix) a taxpayer, any of whose Units, Warrants or Common Shares will be the subject of a "derivative forward agreement," "synthetic disposition agreement," "synthetic equity agreement," "synthetic equity arrangement," or "specified synthetic equity arrangement,"

(each such shareholder, in this summary, a "**Holder**").

The Unit Shares, Warrants and Warrant Shares will generally be considered to be capital property to a Holder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure in the nature of trade. A Holder who is resident in Canada and whose Unit Shares and Warrant Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have the Unit Shares and Warrant Shares and every other "Canadian security" owned by such Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. This election does not apply to Warrants. Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances.

This summary is based upon: (i) the current provisions of the Tax Act and the regulations thereunder ("**Regulations**") in force as of the date hereof; (ii) all specific proposals to amend the Tax Act or the Regulations that have been publicly announced by, or on behalf of, the Minister of Finance (Canada) prior to the date hereof ("**Proposed Amendments**"); and (iii) an understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency. No assurance can be given that the Proposed Amendments will be enacted or otherwise implemented in their current form, if at all. If the Proposed Amendments are not enacted or otherwise implemented as presently proposed, the tax consequences may not be as described below in all cases. This summary does not otherwise take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, regulatory, administrative, governmental or judicial decision or action, nor does it take into account the tax laws of any province or territory of Canada or of any jurisdiction outside of Canada.

The 2018 Budget Tax Proposals include amendments to the Tax Act to limit the availability of the small business deduction for "Canadian-controlled private corporations" ("**CCPCs**" and as defined in the Tax Act) earning "adjusted aggregate investment income" exceeding $50,000 in a taxation year that begins after 2018. CCPCs acquiring or holding Units should consult their tax advisors with respect to the implications of the 2018 Budget Tax Proposals as they relate to the acquisition, holding and disposition of Unit Shares, Warrants and Warrant Shares.

Holders of Unit Shares, Warrants or Warrant Shares that are CCPCs may be subject to an additional tax of 10⅔% on certain investment income, including amounts received in respect of interest and taxable capital gains. The 10⅔% tax is refundable when the CCPC holder of the Unit Shares, Warrants or Warrant Shares pays taxable dividends (at a rate of $38.33 per $100 of taxable dividends paid). The 2018 Budget Tax Proposals include amendments to the Tax Act which provide that, subject to certain exceptions, this 10⅔% tax will only be refundable when the CCPC holder of the

Unit Shares, Warrants or Warrant Shares pays taxable dividends that are not "eligible dividends"; such amendments will be applicable to taxation years that begin after 2018. CCPCs acquiring or holding Unit Shares, Warrants or Warrant Shares should consult their tax advisors with respect to the implications of the 2018 Budget Tax Proposals as they relate to the acquisition, holding and disposition of Unit Shares, Warrants or Warrant Shares.

Additional considerations, not discussed in this summary, may be applicable to a Holder that is a corporation resident in Canada, and is, or becomes, or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes, as part of a transaction or event or series of transactions or events that includes the acquisition of the Units, controlled by a non-resident corporation for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their Canadian tax advisors with respect to the consequences of acquiring Units.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders should consult their own tax advisors with respect to their particular circumstances.

Allocation of Purchase Price

A Holder who acquires Units will be required to allocate the purchase price of each Unit between the Unit Share and the one-half of one Warrant on a reasonable basis in order to determine their respective costs for purposes of the Tax Act.

Adjusted Cost Base of Unit Shares

A Holder's initial adjusted cost base of the Holder's Unit Shares acquired pursuant to this Offering will be determined by averaging the cost of those Unit Shares with the Holder's adjusted cost base of all other Common Shares owned by the Holder as capital property immediately before the acquisition.

Exercise of Warrants

No gain or loss will be realized by a Holder upon the exercise of a Warrant to acquire a Warrant Share. The Holder's cost of the Warrant Share will equal the aggregate of such Holder's adjusted cost base of the Warrant exercised plus the exercise price paid for such Warrant Share. The Holder's adjusted cost base of such Warrant Share so acquired will be determined by averaging the cost of the Warrant Share with the adjusted cost base of all other Common Shares owned by the Holder as capital property immediately before the acquisition.

Holders Resident in Canada

This section of the summary applies to a Holder who, at all relevant times, is, or is deemed to be, resident in Canada for the purposes of the Tax Act ("**Resident Holder**").

Expiry of Warrants

If a Warrant expires unexercised, the Resident Holder will generally realize a capital loss equal to the adjusted cost base of such Warrant to the Resident Holder. The tax treatment of capital gains and capital losses is discussed under the subheading "*Taxable Capital Gains and Losses*."

Dividends

A Resident Holder will be required to include in computing its income for a taxation year any taxable dividends received or deemed to be received on the Unit Shares or Warrant Shares. In the case of a Resident Holder that is an individual (other than certain trusts), such dividends will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations. Taxable dividends received from a taxable Canadian corporation which are designated by such corporation as "eligible dividends" will be subject to an

enhanced gross-up and dividend tax credit regime in accordance with the rules in the Tax Act. In the case of a Resident Holder that is a corporation, the amount of any such taxable dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a "private corporation" or a "subject corporation", as defined in the Tax Act, will generally be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received on the Unit Shares or Warrant Shares to the extent such dividends are deductible in computing the Resident Holder's taxable income for the year. This tax will generally be refunded to the corporation when sufficient dividends are paid while it is a private corporation or a subject corporation.

Taxable Capital Gains and Losses

A Resident Holder who disposes of or is deemed to have disposed of a Warrant (other than on the exercise thereof), a Unit Share, or Warrant Share will generally realize a capital gain (or capital loss) in the taxation year of the disposition equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, are greater (or are less) than the adjusted cost base of such security to the Resident Holder immediately before the disposition or deemed disposition.

A Resident Holder will generally be required to include in computing its income for the taxation year of disposition, one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder will generally be required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") against taxable capital gains realized in the taxation year of disposition. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

The amount of any capital loss realized on the disposition or deemed disposition of a Unit Share or Warrant Share by a Resident Holder that is a corporation may, in certain circumstances, be reduced by the amount of dividends received or deemed to have been received by it on such Unit Share or Warrant Share to the extent and under the circumstances specified in the Tax Act. Similar rules may apply where a Resident Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Unit Shares or Warrant Shares, directly or indirectly, through a partnership or a trust. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

Other Income Taxes

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" may be liable to pay a refundable tax on its "aggregate investment income" for the year, including taxable capital gains and dividends or deemed dividends that are not deductible in computing the corporation's taxable income for the year.

Capital gains realized and taxable dividends received or deemed to be received by a Resident Holder that is an individual or a trust, other than certain specified trusts, may affect the Resident Holder's liability to pay alternative minimum tax under the Tax Act. Resident holders should consult their own tax advisors with respect to the application of alternative minimum tax.

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act: (i) is not, and is not deemed to be, resident in Canada; (ii) does not use or hold the Unit Shares, Warrants or Warrant Shares in the course of a business carried on or deemed to be carried on in Canada; (iii) does not and is not deemed to carry on, an insurance business in Canada and elsewhere; and (iv) is not an "authorized foreign bank" (a "**Non-Resident Holder**").

Dividends

Dividends paid or credited or deemed under the Tax Act to be paid or credited by the Company to a Non-Resident Holder on the Unit Shares or Warrant Shares will generally be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which the Non-Resident Holder is entitled under any applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. For example, where a Non-Resident Holder is a resident of the United States, is fully entitled to the benefits under the *Canada-United States Income Tax Convention (1980)* and is the beneficial owner of the dividend, the applicable rate of Canadian withholding tax is generally reduced to 15%.

Dispositions

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of a Unit Share, Warrant or Warrant Share unless the Unit Share, Warrant or Warrant Share is, or is deemed to be, "taxable Canadian property" of the Non-Resident Holder for the purposes of the Tax Act and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Generally, a Unit Share, Warrant and Warrant Share will not constitute taxable Canadian property of a Non-Resident Holder provided that the Unit Shares and Warrant Shares are listed on a "designated stock exchange" for the purposes of the Tax Act (which currently includes the CSE) at the time of disposition of such Unit Share, Warrant or Warrant Share, unless at any time during the 60 month period immediately preceding the disposition,

(i) at least 25% of the issued shares of any class or series of the capital stock of the Company were owned by or belonged to any combination of (a) the Non- Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm's length, and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and

(ii) at such time, more than 50% of the fair market value of such shares was derived, directly or indirectly, from any combination of real or immovable property situated in Canada, "Canadian resource property", "timber resource property" , or options in respect of, interests in, or for civil law rights in such properties, whether or not such property exists.

The Unit Shares, Warrants or Warrant Shares may also be deemed to be taxable Canadian property to a Non-Resident Holder for purposes of the Tax Act in certain circumstances.

In cases where a Non-Resident Holder disposes (or is deemed to have disposed) of a Unit Share, Warrant or Warrant Share that is taxable Canadian property to that Non-Resident Holder, and the Non-Resident Holder is not entitled to an exemption under an applicable income tax convention, the consequences described above under the heading "*Holders Resident in Canada — Taxable Capital Gains and Losses*" will generally be applicable to such disposition. Such Non-Resident Holders should consult their own tax advisors.

ELIGIBILITY FOR INVESTMENT

In the opinion of Borden Ladner Gervais LLP, counsel to the Company, and Cassels Brock and Blackwell LLP, counsel to the Underwriters, based on the current provisions of the Tax Act, the Regulations and Proposed Amendments, the Unit Shares, Warrants and Warrant Shares, if issued on the date hereof, would be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plan, registered education savings plan ("**RESP**"), registered disability savings plan ("**RDSP**") or tax-free savings account ("**TFSA**", and collectively "**Registered Plans**"), provided (i) the Unit Shares and Warrants Shares are listed on a "designated stock exchange," as defined in the Tax Act (which includes the CSE); and (ii) in the case of the Warrants, the Warrant Shares are qualified investments in (i) above, and neither the Company, nor any person with whom the Company does not deal at arm's length for the purposes of the Tax Act, is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the Registered Plan.

Notwithstanding the foregoing, if the Unit Shares, Warrants or Warrant Shares are a ‘‘prohibited investment’’ (as defined in the Tax Act) for a particular RRSP, RRIF, RDSP, RESP or TFSA, the annuitant, holder, or subscriber of the particular Registered Plan, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Unit Shares, Warrants or Warrant Shares will not be a "prohibited investment" for a trust governed by an RRSP, RRIF, RDSP, RESP or TFSA provided the annuitant of the RRSP or RRIF, the holder of the TFSA or RDSP, or the subscriber of the RESP, as the case may be, deals at arm's length with the Company for purposes of the Tax Act and does not have a "significant interest", within the meaning of subsection 207.01(4) of the Tax Act, in the Company. In addition, the Unit Shares, Warrants or Warrant Shares will not be a prohibited investment if such securities are "excluded property", for purposes of the prohibited investment rules, for an RRSP, RRIF, RDSP, RESP or TFSA. Annuitants under an RRSP or RRIF, holders of a TFSA or RDSP and subscribers under an RESP should consult their own tax advisors as to whether the Unit Shares, Warrants or Warrant Shares will be a prohibited investment for such RRSP, RRIF, TFSA, RESP or RDSP in their particular circumstances.

RISK FACTORS

An investment in the Units involves certain risks. When evaluating the Company and its business, prospective purchasers of the Units should consider carefully the information set out in this Prospectus and the risks described below and in the documents incorporated by reference in this Prospectus.

The risks and uncertainties described or incorporated by reference herein are not the only ones the Company faces. 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, the Company's business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected. In that event, the market price of the Common Shares could decline and you could lose part or all of your investment.

The Company is subject to significant regulatory risks with respect to its operations in the United States. See "Risk Factors Specifically Related to the United States Regulatory System."

Risks Generally Related to the Company

The Company is a development stage company with little operating history, a history of losses and the Company cannot assure profitability.

The Company's business is comprised of several recently-acquired subsidiaries. As such, the Company recognized approximately $10.2 million of revenue and a loss attributable to the shareholders of approximately $18.6 million in the nine months ended September 30, 2017 based on limited operations. The Company has been incurring operating losses and cash flow deficits since the inception of such operations, as it attempts to create an infrastructure to capitalize on the opportunity for value creation that is emerging from the relaxing of state and local prohibitions on the cannabis industry in California and nationwide in Canada. The Company's lack of operating history, and the lack of historical pro-forma combined financial information for the Company and its acquired subsidiaries, makes it difficult for investors to evaluate the Company's prospects for success. Prospective investors should consider the risks and difficulties the Company might encounter, especially given the Company's lack of an operating history or historical pro forma combined financial information, there is no assurance that the Company will be successful and the likelihood of success must be considered in light of its relatively early stage of operations.

As the Company has only just begun to generate revenue, it is extremely difficult to make accurate predictions and forecasts of its finances. This is compounded by the fact the Company intends to operate in the cannabis industry, which is rapidly transforming. There is no guarantee that the Company's products or services will be attractive to potential consumers.

Uncertainty about the Company's ability to continue as a going concern.

The Company is in the development stage and is currently seeking additional capital, mergers, acquisitions, joint ventures, partnerships and other business arrangements to expand its product offerings in the medical cannabis industry and grow its revenue. The Company's ability to continue as a going concern is dependent upon its ability in

the future to grow its revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company, or at all. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

There is no assurance that the Company will turn a profit or generate immediate revenues.

There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business.

The payment and amount of any future dividends will depend upon, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

In the event that any of the Company's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

The Company had negative cash flow for the financial year ended December 31, 2016 and the nine months ended September 30, 2017.

The Company had negative operating cash flow for the financial year ended December 31, 2016 and the nine months ended September 30, 2017. To the extent that the Company has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company has experienced some changes in its operating plans and certain delays in the timing of its plans. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company's efforts to grow its business may be costlier

than expected, and the Company's may not be able to increase its revenue enough to offset its higher operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described in this Prospectus, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, the market price of the Common Shares may significantly decrease.

There are factors which may prevent the Company from the realization of growth targets.

The Company is currently in the expansion from early development stage. The Company's growth strategy contemplates advancing the CPL Facility, the APL Facility and the Sunniva Canada Campus. There is a risk that these additional resources will not be achieved on time, on budget, or at all, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these "*Risk Factors*" and the following:

- delays in obtaining, or conditions imposed by, regulatory approvals;
- facility design errors;
- environmental pollution; non-performance by third party contractors; increases in materials or labour costs; construction performance falling below expected levels of output or efficiency;
- breakdown, aging or failure of equipment or processes;
- contractor or operator errors;
- operational inefficiencies;
- labour disputes, disruptions or declines in productivity; inability to attract sufficient numbers of qualified workers; disruption in the supply of energy and utilities; and
- major incidents and/or catastrophic events such as fires, explosions or storms.

The Company is reliant on obtaining and maintaining cultivation licenses to produce medical cannabis products in Canada

The Company's ability to grow, store and sell medical marijuana and cannabis oil in Canada is dependent on securing the appropriate licenses with Health Canada. Failure to comply with the requirements of any license application or failure to obtain the appropriate licenses with Health Canada would have a material adverse impact on the future business, financial condition and operating results of the Company. There can be no guarantees that Health Canada will issue the required licenses.

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 operations will be subject to various laws, regulations and guidelines relating to the manufacture, management, packaging/labelling, advertising, sale, transportation, storage and disposal of medical cannabis but also including laws and regulations relating to drugs, controlled substances, health and safety, the conduct of operations and the protection of the environment. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to its operations. The Company endeavours to comply with all relevant laws, regulations and guidelines. To the best of the Company's knowledge, the Company is in compliance or in the process of being assessed for compliance with all such laws, regulations and guidelines as described elsewhere in this Prospectus.

On June 30, 2016, the Canadian Federal Government established the Task Force to seek input on the design of a new system to legalize, strictly regulate and restrict access to marijuana. On December 13, 2016, the Task Force completed its review and published a report outlining its recommendations. On April 13, 2017, the Canadian Federal Government released Bill C-45, which proposes the enactment of the Cannabis Act, to regulate the production,

distribution and sale of cannabis for unqualified adult use, with a target implementation date of no later than July 1, 2018. However, it is unknown if this regulatory change will be implemented at all. Several recommendations from the Task Force reflected in the Cannabis Act including, but not limited to, permitting home cultivation, potentially easing barriers to entry into a Canadian recreational marijuana market and restrictions on advertising and branding, could materially and adversely affect the future business, financial condition and results of operations of the Company. Their advice will be considered by the Government of Canada as a new framework for recreational marijuana is developed and it is possible that such developments could significantly adversely affect the future business, financial condition and results of operations of the Company.

The Company's business plan involves a number of strategic relationships. If these relationships do not materialize, the Company may be unable to sell its products.

The Company's business plan contemplates several strategic relationships that may not necessarily materialize in the course of the Company's business, particularly with respect to the CPL Facility, the APL Facility and the Sunniva Canada Campus. These relationships are expected to be critical to the design and construction of the CPL Facility, the APL Facility, the Sunniva Canada Campus and the development, manufacture, marketing and distribution of the Company's products. If these relationships are unsuccessful, or if the Company is unsuccessful in establishing them, the Company may be unable to effectively develop, manufacture, market and distribute its products in accordance with its business plan.

The Company may not be able to develop its products, which could prevent it from ever becoming profitable.

If the Company cannot successfully develop, manufacture and distribute its products, or if the Company experiences difficulties in the development process, such as capacity constraints, quality control problems or other disruptions, the Company may not be able to develop market-ready commercial products at acceptable costs, which would adversely affect the Company's ability to effectively enter the market. A failure by the Company to achieve a low-cost structure through economies of scale or improvements in cultivation and manufacturing processes would have a material adverse effect on the Company's commercialization plans and the Company's business, prospects, results of operations and financial condition.

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.

The officers and directors of the Company currently own approximately 33.14% of the issued and outstanding Common Shares. The Company's shareholders nominate and elect the Board, which generally has the ability to control the acquisition or disposition of the Company's assets, and the future issuance of its Common Shares or other securities. Accordingly, for any matters with respect to which a majority vote of the Common Shares may be required by law, the Company's directors and officers may have the ability to control such matters. Because the directors and officers control a substantial portion of such Common Shares, investors may find it difficult or impossible to replace the Company's directors if they disagree with the way the Company's business is being operated.

The Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.

The Company has grown by acquisition. If the Company implements it business plan as intended, it may in the future experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, continued development of the Company's financial and management controls and management information systems, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. The Company intends to utilize outsourced resources, and hire additional personnel, to manage its expected growth and expansion. Failure to successfully manage its possible growth and development could have a material adverse effect on the Company's business and the value of the Common Shares.

The Company may be unable to adequately protect its proprietary and intellectual property rights, particularly in the U.S.

The Company's ability to compete may depend on the superiority, uniqueness and value of any intellectual property and technology that it may develop. To the extent the Company is able to do so, to protect any proprietary rights of the Company, the Company intends to rely on a combination of patent, trademark, copyright and trade secret laws, confidentiality agreements with its employees and third parties, and protective contractual provisions. Despite these efforts, any of the following occurrences may reduce the value of any of the Company's intellectual property:

- the market for the Company's products and services may depend to a significant extent upon the goodwill associated with its trademarks and trade names, and its ability to register its intellectual property under U.S. federal and state law is impaired by the illegality of cannabis under U.S. federal law;
- patents in the cannabis industry involve complex legal and scientific questions and patent protection may not be available for some or any products;
- the Company's applications for trademarks and copyrights relating to its business may not be granted and, if granted, may be challenged or invalidated;
- issued patents, trademarks and registered copyrights may not provide the Company with competitive advantages;
- the Company's efforts to protect its intellectual property rights may not be effective in preventing misappropriation of any its products or intellectual property;
- the Company's efforts may not prevent the development and design by others of products similar to or competitive with, or superior to those the Company develops;
- another party may obtain a blocking patent and the Company would need to either obtain a license or design around the patent in order to continue to offer the contested feature or service in its products; or
- the expiration of patent or other intellectual property protections for any assets owned by the Company could result in significant competition, potentially at any time and without notice, resulting in a significant reduction in sales. The effect of the loss of these protections on the Company and its financial results will depend, among other things, upon the nature of the market and the position of the Company's products in the market from time to time, the growth of the market, the complexities and economics of manufacturing a competitive product and regulatory approval requirements but the impact could be material and adverse.

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 be forced to litigate to enforce or defend its intellectual property rights, to protect its trade secrets or to determine the validity and scope of other parties' proprietary rights. Any such litigation could be very costly and could distract its management from focusing on operating the Company's business. The existence and/or outcome of any such litigation could harm the Company's business. Further, because the content of much of the Company's intellectual property concerns cannabis and other activities that are not legal in some state jurisdictions or under federal law, the Company may face additional difficulties in defending its 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 may be named as a defendant in a lawsuit or regulatory action. The Company may also incur uninsured losses for liabilities which arise in the ordinary course of business, or which are unforeseen, including, but not limited

to, employment liability and business loss claims. Any such losses could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition.

Further, the administration of medical substances to humans can result in product liability claims by consumers. Product liability claims can be expensive, difficult to defend and may result in large judgments or settlements against the Company. The Company may not be able to obtain or maintain adequate insurance or other protection against potential liabilities arising from product sales. Product liability claims could also result in negative perception of the Company's products or other reputational damage which could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition.

The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates.

These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Government environmental approvals and permits are currently, and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed business activities or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage due to its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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.

An increase in the companies competing in this industry could limit the ability of the Company to expand its operations. Current and new competitors may be better capitalized, have a longer operating history, have more expertise and may be able to develop higher quality equipment or products, at the same or a lower cost. The Company cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Company could have a material adverse effect on its business, operating results and financial condition. In addition, despite Canadian federal and state-level legalization of marijuana, illicit or "black-market" operations remain abundant and present substantial competition to the Company. In particular, illicit operations, despite being largely clandestine, are not required to comply with the extensive regulations that the Company must comply with to conduct business, and accordingly may have significantly lower costs of operation.

If the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market.

The Company's success has depended and continues to depend upon its ability to attract and retain key management, including the Company's CEO, technical experts and sales personnel. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel

or the loss of key personnel could adversely affect the financial condition of the Company, results of operations of the business and could limit the Company's ability to develop and market its cannabis-related products. The loss of any of the Company's senior management or key employees could materially adversely affect the Company's ability to execute its business plan and strategy, and the Company may not be able to find adequate replacements on a timely basis, or at all. The Company does not maintain key person life insurance policies on any of our employees.

There is no assurance that the Company will obtain and retain any relevant licenses.

If obtained, any state licenses in the U.S. are expected to be subject to ongoing compliance and reporting requirements. Failure by the Company to comply with the requirements of licenses or any failure to maintain licenses would have a material adverse impact on the business, financial condition and operating results of the Company. Should any state in which the Company considers a license important not grant, extend or renew such license or should it renew such license on different terms, or should it decide to grant more than the anticipated number of licenses, the business, financial condition and results of the operation of the Company could be materially adversely affected.

Further, the Company's ability to grow, store and sell cannabis in Canada is dependent on the ability of the Company to obtain a license to do so from Health Canada. The Company does not currently hold a license from Health Canada and there can be no assurance that the Company will receive such a license in a timely manner, or at all. The licenses, once issued, are subject to ongoing compliance and reporting requirements. Failure to comply with the requirements would have a material adverse impact on the business, financial condition and operating results of the Company.

Failure to successfully integrate acquired businesses, their 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 acquisitions.

The Company has grown by acquiring businesses, including its NHS medical clinics, CPL and its intended cultivation, processing and dispensary business, and FSD's vaporization device business. The consummation and integration of any acquired business, product or other assets into the Company may be complex and time-consuming and, if such businesses and assets are not successfully integrated, the Company may not achieve the anticipated benefits, cost-savings or growth opportunities. Furthermore, these acquisitions and other arrangements, even if successfully integrated, may fail to further the Company's business strategy as anticipated, expose the Company to increased competition or other challenges with respect to the Company's products or geographic markets, and expose the Company to additional liabilities associated with an acquired business, technology or other asset or arrangement.

When the Company acquires cannabis businesses, it may obtain the rights to applications for licenses as well as licenses; however, the procurement of such applications for licenses and licenses generally will be subject to governmental and regulatory approval. There are no guarantees that the Company will successfully consummate such acquisitions, and even if the Company consummates such acquisitions, the procurement of applications for licenses may never result in the grant of a license by any state or local governmental or regulatory agency and the transfer of any rights to licenses may never be approved by the applicable state and/or local governmental or regulatory agency.

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.

Because the cannabis industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, investors will have to rely on their own estimates in deciding about whether to invest in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. The Company regularly purchases and follows market research.

The Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition.

The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Company in a number of ways, including by losing strategic partners if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing the Company to expend greater resources to meet new or additional competitive threats, all of which could harm the Company's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Company's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability.

The Company continues to sell securities for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders.

There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company will require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. The Company's articles permit the issuance of an unlimited number of Common Shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of issue of further issuances. Moreover, additional Common Shares will be issued by the Company on the exercise of options under the Company's stock option plan and upon the exercise of outstanding warrants. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows. Negative cash flow may restrict the Company's ability to pursue its business objectives.

If you purchase Units in the Offering, you will experience substantial and immediate dilution, because the price that you pay will be substantially greater than the net tangible book value per share of the Common Shares that you acquire. This dilution is due in large part to the fact that the Company's earlier investors will have paid substantially less than a public offering price when they purchased their Common Shares.

The Company may not be able to secure all necessary financing in time to begin, continue and complete the Sunniva Canada Campus on schedule.

The Company will need to raise additional funds through public or private debt and equity financings in order to construct the Sunniva Canada Campus. While several provincial credit unions have provided credit facilities to LPs, Schedule I chartered banks in Canada have been reluctant to advance credit facilities and term debt to LPs, and therefore, there is more limited availability to raise capital through debt financing. Any capital raised through debt financing would require the Company to make periodic interest payments and may impose restrictive covenants on the conduct of the Company's business.

There is no assurance that debt financing will be available on terms favourable to the Company, or at all. A failure to obtain necessary debt funding may prevent the Company from constructing the Sunniva Canada Campus on the proposed schedule.

The Company currently has insurance coverage; however, because the Company operates within the cannabis industry, there are additional difficulties and complexities associated with such insurance coverage.

The Company believes that it and its subsidiaries currently have insurance coverage with respect to workers' compensation, general liability, directors' and officers' insurance, fire and other similar policies customarily obtained for businesses to the extent commercially appropriate; however, because the Company is engaged in and operates within the cannabis industry, there are exclusions and additional difficulties and complexities associated with such insurance coverage that could cause the Company to suffer uninsured losses, which could adversely affect the Company's business, results of operations, and profitability. There is no assurance that the Company will be able to fully utilize such insurance coverage, if necessary.

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

The cultivation of cannabis involves a reliance on third party transportation which could result in supply delays, reliability of delivery and other related risks.

In order for customers of the Company to receive their product, the Company will rely on third party transportation services. This can cause logistical problems with and delays in patients obtaining their orders and cannot be directly controlled by the Company. Any delay by third party transportation services may adversely affect the Company's financial performance.

Moreover, security of the product during transportation to and from the Company's facilities is critical due to the nature of the product. A breach of security during transport could have material adverse effects on the Company's business, financials and prospects. Any such breach could impact the Company's future ability to continue operating under its licenses or the prospect of renewing its licenses.

The Company may be subject to product recalls for product defects self-imposed or imposed by regulators.

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

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 operation results.

The Company's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant

interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Company. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Company.

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.

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in its early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although the Company believes that the articles, reports and studies support its beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, investors should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this Prospectus or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition and results of operations.

Under California and Canadian regulations, an LP of cannabis has restrictions on the type and form of marketing it can undertake which could materially impact sales performance.

The development of the Company's future business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by Health Canada or U.S. regulatory authorities. The regulatory environment in Canada limits the Company's ability to compete for market share in a manner similar to other industries. The regulatory environment in California may in the future also restrict the type and form of marketing which could limit the Company's ability to compete for market share. If the Company is unable to effectively market its products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Company's sales and operating results could be adversely affected.

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 is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company will be reliant on information technology systems and may be subject to damaging cyber-attacks.

The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("**IT**") services in connection with its operations. The Company's operations depend, in part,

on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

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.

Given the nature of the Company's product and its lack of legal availability outside of channels approved by the Government of Canada, as well as the concentration of inventory in its facilities, despite meeting or exceeding Health Canada's security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of the Company's facilities could expose the Company to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential patients from choosing the Company's products.

In addition, the Company collects and stores personal information about its patients and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Company's business, financial condition and results of operations.

In addition, there are a number of federal and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If the Company was found to be in violation of the privacy or security rules or other laws protecting the confidentiality of patient health information, it could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation and have a material adverse effect on the business, results of operations and financial condition of the Company. The Company is also subject to U.S. privacy and security laws and if the Company was found to be in violation of applicable U.S. privacy or security laws it could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest.

The Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or Companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

In certain circumstances, the Company's reputation could be damaged.

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

Risk Factors Specifically Related to the United States Regulatory System

Some of the Company's planned business activities, while believed to be compliant with applicable U.S. state* and *local laws, are illegal under U.S. federal law.

Although certain states and territories of the U.S. authorize medical or recreational cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under any and all circumstances under the CSA. An investor's contribution to and involvement in such activities may result in federal civil and/or criminal prosecution, including forfeiture of his, her or its entire investment.

Since the possession and use of cannabis and any related drug paraphernalia is illegal under U.S. federal law, the Company may be deemed to be aiding and abetting illegal activities through the contracts it has entered into and the products that it intends to provide. The Company intends to manufacture, distribute and sell medical cannabis. As a result, U.S. law enforcement authorities, in their attempt to regulate the illegal use of cannabis and any related drug paraphernalia, may seek to bring an action or actions against the Company, including, but not limited, a claim regarding the Company's possession, use and sale of cannabis, and aiding and abetting another's criminal activities. The Federal aiding and abetting statute provides that anyone who "commits an offense against the United States or aids, abets, counsels, commands, induces or procures its commission, is punishable as a principal." As a result of such an action, the Company may be forced to cease operations and its investors could lose their entire investment. Such an action would have a material negative effect on the Company's business and operations. The enforcement of relevant U.S. federal laws is a significant risk.

There is uncertainty of existing protection from U.S. federal prosecution.

Until September 2018, the DOJ is prohibited from expending any funds for the prosecution of medical cannabis businesses operating in compliance with state and local laws pursuant to the Rohrabacher-Blumenauer Amendment, ("**RBA**"). If the RBA or an equivalent thereof is not successfully amended to the next or any subsequent federal omnibus spending bill, the protection afforded thereby to U.S. medical cannabis businesses would lapse, and such businesses would be more at risk to prosecution under federal law. There is a possibility that all amendments may be banned from federal omnibus spending bills, and if this occurs and the substantive provisions of the RBA are not included in the base federal omnibus spending bill or other law, these protections would lapse. The Company regularly

monitors the regulatory activities of Congress. Fully 62% of the combined House of Representatives and the Senate represent states with medical marijuana laws enacted or in process.

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.

There is significant uncertainty surrounding the policies of President Donald Trump and the Trump Administration about recreational and medical cannabis. Attorney General Sessions is a well-known advocate against legalization of cannabis.

On January 4, 2018, Attorney General Jeff Sessions and the DOJ issued the Sessions Memo. The effect of the Sessions Memo has been to rescind the guidance issued on August 29, 2013 relative to medical marijuana enforcement under the Cole Memo. The effect of the Cole Memo's rescission remains to be seen. On the same day of the Sessions Memo's release, numerous government officials, legislators and federal prosecutors in states with medical and recreational marijuana statutes announced their intention to continue the Cole-Memo-era status quo despite the DOJ's decision to rescind it. The impact that this lack of uniformity between state and federal authorities could have on individual state cannabis markets and the businesses that operate within them is unclear and the enforcement of relevant federal laws is a significant risk.

There is no certainty as to how the DOJ, Federal Bureau of Investigation and other government agencies will handle cannabis matters in the future. There can be no assurances that the Trump administration would not change the current enforcement policy and decide to strongly enforce the federal laws. The Company regularly monitors the activities of the current administration for evidence that it will contravene the RBA enacted by Congress.

The Company is operating at a regulatory frontier. The cannabis industry is a new industry that may not succeed.

Should the federal government in the U.S. begin prosecuting those dealing in medical or other cannabis under applicable law, there may not be any market for the Company's products and services in the U.S.

Cannabis is a new industry subject to extensive regulation, and there can be can be no assurance that it will grow, flourish or continue to the extent necessary to permit the Company to succeed. The Company is treating the cannabis industry as a deregulating industry with significant unsatisfied demand for its proposed products and will adjust its future operations, product mix and market strategy as the industry develops and matures.

The Company's business operations may come under additional scrutiny by governmental and non-governmental agencies.

The cannabis industry may come under the scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Advisory or other federal, the State of California or other applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Company's industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, which could reduce, delay or eliminate any return on investment in the Company.

Due to the classification of cannabis as a Schedule II controlled substance under the CSA, the property of the Company may be seized and the operations of the Company shut down.

The U.S. federal government, through both the DEA and IRS, has the right to actively investigate, audit and shut-down marijuana growing facilities, processors and retailers. The U.S. federal government may also attempt to seize the Company's property. Any action taken by the DEA and/or the IRS to interfere with, seize, or shut down the Company's operations will have a material adverse effect on the Company's business, operating results and financial condition.

The Company may not be able to obtain all necessary municipal California licenses and permits or complete construction of its facilities in a timely manner, which could, among other things, delay or prevent the Company from becoming profitable.

Construction of the CPL Facility is subject to obtaining all necessary building permits, local business licenses and other necessary local approvals, including approval of individuals associated with the Company's management in connection with cultivation, marijuana manufacturing and dispensary licenses already held by CPL, a subsidiary of the Company. There can be no certainty such other permits and approvals will be granted, or, if granted, will be granted within the proposed timeframe or on terms expected by the Company. If such permits and approvals are not obtained within the proposed timeframe, the Company may not realize its expected benefits and could suffer adverse consequences, including loss of investor confidence and other material adverse effects on the Company's business.

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 MAUCRSA in the future.

The Company's ability to grow, store and sell medical marijuana and cannabis oil in California is dependent on maintaining its licenses with Cathedral City and in securing its license with the State of California in the future. Failure to comply with the requirements of the regulators overseeing MAUCRSA would have a material adverse impact on the future business, financial condition and operating results of the Company. There can be no guarantees the State of California will issue the license.

The Company's operations in the United States cannabis market may become the subject of heightened scrutiny.

The Company's operations in the United States cannabis market may become the subject of heightened scrutiny by regulators, stock exchanges, clearing agencies and other authorities in Canada. It has been reported by certain publications in Canada that the Canadian Depository for Securities Limited is considering a policy shift that would see its subsidiary, CDS, refuse to settle trades for cannabis issuers that have investments in the United States. CDS is Canada's central securities depository, clearing and settlement hub settling trades in the Canadian equity, fixed income and money markets. CDS or its parent company has not issued any public statement in regard to these reports. On February 8, 2018, CDS signed the CDS MOU with the Exchanges. The CDS MOU outlines CDS' and the Exchanges' understanding of Canada's regulatory framework applicable to the rules and procedures and regulatory oversight of the Exchanges and CDS. The CDS MOU confirms, with respect to the clearing of listed securities, that CDS relies on the Exchanges to review the conduct of listed issuers. As a result, there currently is no CDS ban on the clearing of securities of issuers with marijuana-related activities in the U.S. However, if CDS were to proceed in the manner suggested by these publications, and apply such a policy to the Company, it would have a material adverse effect on the ability of Common Shares to make trades. In particular, the Common Shares would become highly illiquid as investors would have no ability to effect a trade of Common Shares through the facilities of a stock exchange.

Regulatory scrutiny of the Company's industry may negatively impact its ability to raise additional capital.

The Company's business activities rely on newly established and/or developing laws and regulations in multiple jurisdictions, including in California. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Company's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the U.S. Food and Drug Administration, Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Authority or other federal, California or other applicable state or non-governmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or non-medical purposes in the U.S. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the Company's industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its ability to raise additional capital, create a public trading market in the U.S. for securities of the Company or to find a suitable acquirer, which could reduce, delay or eliminate any return on investment in the Company.

No assurance of success or profitability under the new legal and regulatory structure in California.

There are no assurances that the Company will be granted any licenses in the State of California or that its licenses granted by Cathedral City will be grandfathered into the new regulatory structure. The Company has not determined the extent to which the provisions of MAUCRSA will impact the Company, its business and its current and future operations. While California has legalized the sale of cannabis for medical use outside of cooperatives or collectives and the sale of cannabis for non-medical and for-profit business activities, the regulations relating to how cannabis businesses will be required to operate in the future in California are uncertain. Accordingly, there is no way to currently anticipate what the legal climate surrounding the Company's anticipated business plan will be at any point in the future and there is no assurance that the Company will operate profitably or generate revenues or profits that will permit the payment of dividends on or any increase in the value of the Common Shares.

California legislation states that once the regulations promulgated by the Bureau and any other California state agency that may become involved, are implemented, no person can engage in commercial cannabis-related activity without possessing both a state license and either a local permit, license or other authorization, or otherwise in compliance with local law.

The process associated with acquiring a state license in California may become onerous and there are no assurances that the Company will be granted any state licenses at all. Previously, all applicants for a state license were required to show proof of compliance with local laws; however, pursuant to MAUCRSA, applicants may show prior compliance with local law prior to state licensure, but the burden has shifted to the city or county to alert the state within sixty (60) business days if such applicant is not in compliance with local laws. Although the Company believes it is currently, and will continue to be, in compliance with applicable state and local laws, there is no assurance that any city or county will not alert the state of any issues regarding the Company's compliance. Further, because there are different licenses for different types of commercial cannabis-related activities, even if the Company is granted one or more licenses, there are no assurances that it will be granted all the licenses it will need to implement the Company's business plan. The Company is planning to engage in lobbying local and California state officials to ensure that it has adequate representation in support of a future state license grant.

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.

The Company is only at the beginning of its initial development phase and will not be in operation to the extent necessary to receive priority for the issuances of licenses pursuant to applicable legislation.

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.

There are no assurances that, when the applicable time comes, the Company will have the capital necessary to acquire (or continue to renew) the licenses necessary to carry out its business plan. Given the necessity of such licenses, failure to possess the necessary licenses (regardless of the reason) would have a material impact on the financial condition of the Company.

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.

MAUCRSA imposes an excise tax to be paid by the end-consumer and the dispensary; and a cultivation tax to be paid by cultivators on all harvested cannabis that enters the commercial market, in addition to any sales and use tax at the state and local level. The tax regime that is applicable to the Company's business, regardless of where the Company is in its development, will have a direct impact on its operations and profitability and, in extreme cases, may make pursuing the Company's expected business plan a futile endeavor. The Company is aware of and planning for the proposed tax structure imposed under MAUCRSA as part of its development plans in California.

The Company may incur significant tax liabilities if the IRS continues to determine that certain expenses of cannabis businesses are not permitted tax deductions under section 280E of the Tax Code.

Section 280E of the Tax Code prohibits businesses from deducting certain expenses associated with trafficking controlled substances (including cannabis) which are prohibited by federal law. The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are authorized under state laws, seeking substantial sums in tax liabilities, interest and penalties resulting from under payment of taxes due to the lack of deductibility of otherwise ordinary business expenses the deduction of which is prohibited by Section 280E. Although the IRS issued a clarification allowing the deduction of certain expenses that can be categorized as cost of goods sold, the scope of such items is interpreted very narrowly and include the cost of seeds, plants and labor related to cultivation, while the bulk of operating costs and general administrative costs are not permitted to be deducted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses. The Company's current financial plans include federal tax payable on gross profit rather than is typical in other jurisdictions on earnings before tax.

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.

States generally only allow the manufacture, sale and distribution of cannabis products that are grown in that state and may require advance approval of such products. Certain states and local jurisdictions have promulgated certain requirements for approved cannabis products based on the form of the product and the concentration of the various cannabinoids in the product. While the Company intends to follow the guidelines and regulations of each applicable state and local jurisdiction in preparing products for sale and distribution, there is no guarantee that such products will be approved to the extent necessary. If the products are approved, there is a risk that any state or local jurisdiction may revoke its approval for such products based on changes in laws or regulations or based on its discretion or otherwise. Following guidance under the now rescinded Cole Memo, the Company is not planning on the export of cannabis products beyond California. In the event the Company expands into other U.S. jurisdictions, it plans to undertake no cross-border commerce between states until the federal regulatory environment permits such commerce to occur.

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.

In February 2014, the Financial Crimes Enforcement Network ("**FinCEN**") bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Company may have limited or no access to banking or other financial services in the U.S., and may have to operate the Company's U.S. business on an all-cash basis. The inability or limitation in the Company's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments, may make it difficult for the Company to operate and conduct its business as planned. The Company is actively pursuing alternatives that ensure its operations will continue to be compliant with the FinCEN guidance and existing disclosures around cash management and reporting to the IRS once it moves from development into production.

The Company is reliant on third-party suppliers, manufacturers and contractors.

The Company intends to maintain a full supply chain for the provision of products and services to the medical cannabis industry and construct and operate the APL Facility, the CPL Facility and the Sunniva Canada Campus. Due to the uncertain regulatory landscape for regulating cannabis in Canada and the United States, the Company's third party suppliers, manufacturers and contractors may elect, at any time, to decline or withdraw services necessary for the

Company's operations. Loss of these suppliers, manufacturers and contractors may have a material adverse effect on the Company's business and operational results.

Due to the classification of cannabis as a Schedule II controlled substance under the CSA, banks and other financial institutions which service the cannabis industry are at risk of violating certain financial laws, including anti-money laundering statutes.

Because the manufacture, distribution, and dispensation of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money-remitter statute (18 U.S.C. § 1960) and the U.S. Bank Secrecy Act. These statutes can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a "specified unlawful activity" such as distributing controlled substances which are illegal under federal law, including cannabis, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. The Company may also be exposed to the foregoing risks.

Any re-classification of cannabis or changes in U.S. controlled substance laws and regulations may affect the Company's business.

If cannabis and/or CBD is re-categorized as a Schedule II or lower controlled substance, the ability to conduct research on the medical benefits of cannabis would most likely be simpler and more accessible; however, if cannabis is re-categorized as a Schedule II or other controlled substance, and the resulting re-classification would result in the requirement for FDA approval if medical claims are made for the Company's products such as medical cannabis. As a result, the manufacture, importation, exportation, domestic distribution, storage, sale and use of such products may be subject to a significant degree of regulation by the DEA. In that case, the Company may be required to be registered (licensed) to perform these activities and have the security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to prevent drug loss and diversion. Obtaining the necessary registrations may result in delay of the manufacturing or distribution of the Company's anticipated products. The DEA conducts periodic inspections of certain registered establishments that handle controlled substances. Failure to maintain compliance could have a material adverse effect on the Company's business, financial condition and results of operations. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to restrict, suspend or revoke those registrations. In certain circumstances, violations could lead to criminal proceedings. Furthermore, if the FDA, DEA, or any other regulatory authority determines that the Company's products may have potential for abuse, it may require the Company to generate more clinical or other data than the Company currently anticipates establishing whether or to what extent the substance has an abuse potential, which could increase the cost and/or delay the launch of that product. The Company is planning to construct cGMP-compliance facilities in both Canada and California which meet or exceed most regulatory requirements.

CBD is classified as a Schedule I controlled substance in the U.S. The DEA recently published a final rule in the Federal Register creating a new drug code for "marihuana extracts".

In connection with the new drug code, the DEA has determined that all CBD products, regardless of origin, shall be considered Schedule I controlled substances. The Company is unable to determine what the impact of this will be on its business.

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 II controlled substance.

As long as cannabis remains illegal under U.S. federal law as a Schedule II controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available to the Company. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

The Company's contracts may not be legally enforceable in the U.S.

Because the Company's contracts involve cannabis and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in U.S. federal and certain state courts.

Risks Related to the Company's Securities and the Offering

Management has discretion concerning the use of proceeds.

Management will have discretion concerning the use of the proceeds of the Offering as well as the timing of their expenditure. As a result, an investor will be relying on the judgment of management for the application of the proceeds of the Offering. Management may use the net proceeds of the Offering other than as described under the heading "Use of Proceeds" if they believe it would be in the Company's best interest to do so and in ways that an investor may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the Company's results of operations may suffer.

There is currently no market for Warrants.

Currently there is no market through which the Warrants may be sold and purchasers of Units may not be able to resell the Warrants purchased under this Prospectus. The Company has not applied and does not intend to apply for the listing of the Warrants on any securities exchange. This may affect the pricing of the Warrants in the secondary market, the transparency and availability of trading prices, the liquidity of the Warrants and the extent of issuer regulation. Even if a market develops for the Warrants, it is not possible to predict the price at which the Warrants will trade in the secondary market or whether such market will be liquid or illiquid. To the extent Warrants are exercised, the number of Warrants outstanding will decrease, resulting in a diminished liquidity for the remaining Warrants. A decrease in the liquidity of the Warrants may cause, in turn, an increase in the volatility associated with the price of the Warrants. If any secondary market trading of the Warrants becomes illiquid, an investor may have to exercise such Warrants to realize value. The Offering Price and the allocation thereof between the Unit Shares and the Warrants comprising the Units have been determined by negotiation between the Company and the Co-Lead Underwriters, on behalf of the Underwriters.

Holders of Warrants have no rights as shareholders.

Until a holder of Warrants acquires Warrant Shares upon exercise of Warrants, such holder will have no rights with respect to the Warrant Shares underlying such Warrants. Upon exercise of such Warrants, such holder will be entitled to exercise the rights of a common shareholder only as to matters for which the record date occurs after the exercise date.

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control.

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which the Company operates;
- addition or departure of the Company's executive officers and other key personnel;
- release or expiration of lock-up or other transfer restrictions on outstanding Common Shares;
- sales or perceived sales of additional Common Shares;

- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or the Company's competitors;
- fluctuations to the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies;
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets; and
- regulatory changes in the industry.

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

The Company is subject to uncertainty regarding legal and regulatory status and changes.

Achievement of the Company's Canadian and U.S. business objectives is also contingent, in part, upon compliance with other regulatory requirements enacted by governmental authorities and obtaining other required regulatory approvals. The regulatory regime applicable to the cannabis business in Canada and the US is currently undergoing significant proposed changes and the Company cannot predict the impact of the regime on its business once the structure of the regime is finalized. Similarly, the Company cannot predict the timeline required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failing to obtain, required regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

The Company does not anticipate paying cash dividends.

The Company's current policy is to retain earnings to finance the development and enhancement of the Company's products and to otherwise reinvest in the Company. Therefore, we do not anticipate paying cash dividends on the Common Shares in the foreseeable future. The Company's dividend policy will be reviewed from time to time by the Board in the context of the Company's earnings, financial condition and other relevant factors. Until the time that we do pay dividends, which we might never do, the Company's shareholders will not be able to receive a return on their Common Shares unless they sell them.

Future sales of Common Shares by existing shareholders could reduce the market price of the Company's shares.

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of the Common Shares. Additional Common Shares may be available for sale into the public market, subject to applicable securities laws, which could reduce the market price for Common Shares. Holders of options

will have an immediate income inclusion for tax purposes when they exercise their options (that is, tax is not deferred until they sell the underlying Common Shares). As a result, these holders may need to sell Common Shares purchased on the exercise of options in the same year that they exercise their options. This might result in a greater number of Common Shares being sold in the public market, and fewer long-term holds of Common Shares by the Company's management and employees.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

CORPORATE CEASE TRADE ORDERS AND BANKRUPTCIES

To the best of the knowledge of the Company, other than as disclosed below, none of the directors or executive officers of the Company, nor any shareholder holding a sufficient number of securities to affect materially the control of the Company, is, as at the date of this Prospectus, or has been within the 10 years before the date of this Prospectus, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the existing or proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the existing or proposed director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Dr. Holler and Mr. Patrick, both directors of the Company, are former directors of Inviro Medical Inc. ("**Inviro**"). Inviro is a company incorporated under the laws of Canada which owns certain intangible assets including goodwill and customer relationships, and all of the issued and outstanding shares of Inviro Medical Devices, Inc. (the "**US Subsidiary**"). The US Subsidiary owns inventory manufactured in accordance with licenses issued by the Department of Health of the Government of Canada and the United States Food and Drug Administration. On October 29, 2010, Inviro declared that it was no longer a going concern and on or about that time Inviro ceased to carry on business and all of its directors and officers, including Dr. Holler and Mr. Patrick, resigned. On February 10, 2011, the Supreme Court of British Columbia issued an order appointing Alvarez & Marsal Canada Inc. (the "**Receiver**") as receiver and receiver and manager of all of the assets, undertakings and properties of Inviro. Pursuant to a further order pronounced by the Supreme Court of British Columbia on February 24, 2012, certain distributions to certain debenture holders of Inviro were authorized. The receivership process became complete in or around March 2013. On April 9, 2013, the Supreme Court of British Columbia issued an order discharging the Receiver.

Mr. Rootman, Vice President, Legal, Compliance and Regulatory Affairs and Corporate Secretary of the Company, was Chief Compliance Officer and Vice President, Law for Walton Capital Management Inc. ("**WCMI**") from July 2014 to January 2017 and the General Counsel and Corporate Secretary for Walton International Group Inc. ("**WIGI**") from January 2017 to August 2017. On April 28, 2017, WIGI and WCMI, among other Walton Group entities (collectively, the "**Walton CCAA Entities**") voluntarily filed and obtained creditor protection under the *Companies' Creditors Arrangement Act* ("**CCAA**") pursuant to an Interim Order granted by the Court of Queen's Bench of Alberta. The Interim Order authorized the Walton CCAA Entities to begin a court-supervised restructuring and provides for a broad stay of proceedings against the Walton CCAA Entities in order to provide the opportunity to

finalize and present a CCAA plan to creditors for approval. As of the date of this Prospectus, the CCAA proceedings are still in progress.

On August 13, 1998, Mr. Barker, a director of the Company, filed a Chapter 11 petition under the United States Bankruptcy Code in the United States Bankruptcy Court of the Central District of California in order to pursue a plan of reorganization (the "**Reorganization Plan**"). On June 30, 1999, the court entered an order confirming the Reorganization Plan.

PENALTIES OR SANCTIONS

Other than as disclosed below, to the best of the knowledge of the Company, no director or executive officer of the Company or shareholder holding sufficient securities of the Company to affect materially the control of the Company has:

- been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

On July 15, 2011, Mr. Shastry, President and Chief Executive Officer, SCH, who was then known as Vinayak Gowrish, was found liable for violating Section 10(b) of the Securities Exchange Act of 1934 and Rule 10B-5 promulgated thereunder in a civil action brought by the United States Securities Exchange Commission (the "Commission"). As a result of the finding, Mr. Shastry was ordered to pay disgorgement of USD$12,000 and a civil penalty in the amount of USD$100,000. In connection therewith, on December 29, 2011 Mr. Shastry entered into a settlement agreement with the Commission under the Investment Advisers Act of 1940 whereby the Commission ordered that Mr. Shastry be barred from association with any broker, dealer, investment adviser, municipal securities dealer, or transfer agent in the United States.

CONFLICTS OF INTEREST

Except as disclosed below, to the best of our knowledge, there are no known existing or potential conflicts of interest among us and our directors, officers or other members of management as a result of their outside business interests except that certain of our directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such other companies.

Michael Barker, a director of the Company, has a material interest in the Barker Pacific Group, Inc., which is a related party to SPCL, which entered into the Build to Suit Lease for the CPL Facility.

Luke Stanton, a director of the Company and a director and officer of SCH, is the Founder and Executive Chairman of Frontera Law Group, which provides legal services to the Company and its US subsidiaries and as such has an interest in transactions considered or conducted by the Company. In addition, Mr. Stanton is also a Partner of Skytree Capital Partners, a shareholder of the Company. Mr. Stanton has been separately retained by the Company as a consultant to conduct business development and government relations services on behalf of the Company in the United States. Mr. Stanton will be responsible for state licensing efforts, licensing applications plus supply contract negotiations with leading brands.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon on behalf of the Company by Borden Ladner Gervais LLP, and on behalf of the Underwriters by Cassels Brock and Blackwell LLP. As at the date hereof, the partners and associates of Borden Ladner Gervais LLP and Cassels Brock and Blackwell LLP, each as a group, beneficially own, directly and indirectly, in the aggregate, less than one percent of the Common Shares.

INTEREST OF EXPERTS

MNP LLP, Chartered Professional Accountants ("**MNP**"), is the independent auditor of the Company. MNP has informed us that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

Certain financial statements incorporated by reference into this short form prospectus have been audited by KPMG LLP, Chartered Professional Accountants ("**KPMG**"). As at June 19, 2017 and during the period covered by the financial statements on which they reported, KPMG were the Company's auditors. KPMG has informed us that they were independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations during that time.

OTHER MATERIAL FACTS

There are no other material facts relating to the securities proposed to be offered under this Prospectus which are not previously disclosed above or in the documents incorporated by reference herein.

EXEMPTIONS

Section 2.2(d) of National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators ("**NI 44-101**") requires that the Company have a "current AIF" (as defined in NI 44-101), in at least one jurisdiction in which the Company is a reporting issuer in order to qualify to file a short form prospectus under NI 44-101 (the "**AIF Requirement**"). The Company is relying on the exemption provided in Subsection 2.7(1) of NI 44-101 to be relieved from the AIF Requirement. Subsection 2.7(1) of NI 44-101 provides that an issuer that is not exempt from the requirement in the applicable CD rule (as defined in NI 44-101) to file annual financial statements but has not yet been required under the applicable CD rule to file same, and has filed and obtained a receipt for a final prospectus that included the issuer's or each predecessor entity's comparative annual financial statements for its most recently completed financial year or the financial year immediately preceding its most recently completed financial year (together with the auditor's report accompanying those financial statements), is exempt from the AIF Requirement. On November 16, 2017, the Company filed and received a receipt for the IPO Prospectus.

CERTIFICATE OF THE COMPANY

Dated: March 20, 2018

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of British Columbia, Alberta and Ontario.

"*Anthony F. Holler*"	"*David Negus*"
Dr. Anthony F. Holler Chief Executive Officer	David Negus Chief Financial Officer

On behalf of the Board of Directors

"*Leith Pedersen*"	"*Daniel Vass*"
Leith Pedersen Director	Daniel Vass Director

CERTIFICATE OF THE UNDERWRITERS

Dated: March 20, 2018

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of British Columbia, Alberta and Ontario.

"*Mario Maruzzo*"

Mario Maruzzo
Managing Director, Investment Banking
Beacon Securities Limited

"*Frank Sullivan*"

Frank Sullivan
Vice President, Investment Banking
Canaccord Genuity Corp

"*Jolyon Burton*"

Jolyon Burton
President and Head of Investment Banking
Bloom Burton Securities Inc.