This management discussion and analysis ("MD&A") of the financial condition and results of operations of Sunniva Inc. ("Sunniva" or the "Company") is for the three months ended March 31, 2018 and 2017. It is supplemental to, and should be read in conjunction with, the unaudited Interim Consolidated Financial Statements of the Company and the accompanying notes for the three months ended March 31, 2018 and 2017 (the "Interim Consolidated Financial Statements").

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

This MD&A is prepared as of and dated May 30, 2018.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

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

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

Although the Company believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, Mr. Barker's expected interest in the Build to Suite Lease (defined below), the estimated budget under the Build to Suite Lease and the Sunniva Canada Campus (as defined below), the expected production at the Sunniva California Campus (as defined below) and the estimate that 30% of all product from Sunniva California Campus will be used for higher margin extracted products and all products will be free from the pesticides commonly used within today's industry, the Sunniva California Campus being operational in late Q3 2018, statements regarding Sunniva and Canopy Growth's future actions under their February 21, 2018 take or pay supply agreement, the estimated timing of closing the acquisition of the property in Okanagan Falls, British Columbia for the Sunniva Canada Campus, the estimated commitment amount on the Goleta Facility Lease as at March 31, 2018 of $1.3 million, the Company's current financial resources being sufficient to fund operations, the Company's ability to obtain additional funds though the sale of equity or debt commitments, the Company's anticipated production at the APL Facility (as defined below) and that revenues at the APL Facility will commence in June 2018.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors including: receipt of licenses and permits for the Sunniva California Campus and the Sunniva Canada Campus, the legal status of cannabis cultivation, distribution and sales in the United States; changes in general economic conditions and conditions in the financial markets; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with the Company's activities; and changing foreign exchange rates and other matters discussed in this MD&A.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors, which may cause results to differ materially from those projected in forward-looking statements, will be included in the filings by the Company with securities regulatory authorities. As required by securities legislation applicable to public companies, it is the Company's policy to update, from time-to-time, forward-looking information in its periodic management discussions and analyses and provide updates on its activities to the public through the filing and dissemination of news releases.

COMPANY OVERVIEW

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 Company's common shares (the "Common Shares"). The Common Shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "SNN" and on the OTCQX under the symbol "SNNVF".

The Company's registered office is located at 1200-200 Burrard Street, Vancouver, British Columbia, V7X 1T2.

As at March 31, 2018, the Company has ten wholly owned subsidiaries. The Company has three wholly owned Canadian subsidiaries: Sunniva Medical Inc. ("SMI"), Natural 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), CP Logistics, LLC (North Carolina) ("CPL"), Full-Scale Distributors, LLC (Florida) ("FSD"), Sunniva Full-Scale Distributors Corporation (California), Sun CA Holdings, Inc. (California) ("SCH"), A1 Perez, LLC (Delaware) ("APL") and Sunny People, LLC (California).

KEY DEVELOPMENTS IN THE FIRST QUARTER 2018

- On January 10, 2018, the Company began trading its Common Shares on the CSE under the symbol "SNN". On February 15, 2018 the Company began trading its Common Shares on the OTCQX Market, operated by OTC Markets Group, under the symbol "SNNVF".

- On February 15, 2018, the Company repaid the secured convertible promissory note related to the acquisition of Full-Scale Distributors, LLC (the "FSD note") in cash of $2.8 million (US$2.2 million), plus accrued interest, and the remaining portion through the issuance of Common Shares at the conversion price of US$2.55 per share.

- On February 21, 2018 SMI and Canopy Growth Corporation ("Canopy Growth") entered into a take or pay supply agreement. Under the terms of the initial two-year agreement, which includes the distribution of Sunniva branded products, Canopy Growth will purchase approximately 45% of SMI's annual production capacity; representing 45,000 kgs of dried cannabis annually, commencing Q1 2019 or shortly thereafter. The Company and Canopy Growth will share in the revenues as product is sold through Canopy Growth'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 license from Health Canada, which SMI has received its Confirmation of Readiness, and completing the Sunniva Canada Campus.

- On March 27, 2018 the Company completed a bought deal public offering for aggregate gross proceeds of $27.8 million (the "Bought Deal Offering"). A total of 2,850,900 units ("Units") and 50,000 Warrants (as defined below) were sold at a price of $9.75 per Unit and $0.02 per Warrant. Each Unit consists of one Common Share in the capital of the Company and one-half of one Common Share purchase warrant (each whole warrant, a "Warrant") of the Company. Each whole Warrant entitles the holder thereof to acquire one Common Share at an exercise price per Common Share of $12.50 for a period of 24 months.

- For the period ended March 31, 2018, the Company generated $5.2 million in revenue from its two subsidiaries NHS and FSD, which contributed $2.7 million and $2.5 million, respectively. Net loss for the period ended March 31, 2018 was $6.3 million as compared to $1.0 million during the period ended March 31, 2017.

RECENT DEVELOPMENTS SUBSEQUENT TO MARCH 31, 2018

- The Company's US subsidiaries received all the necessary State of California temporary licenses for Phase one and two of construction at its purpose built state-of-the-art greenhouse cultivation facilities in Cathedral City, California (the "Sunniva California Campus").

- The Company selected the location to build its Sunniva Canada Campus in Okanagan Falls, British Columbia. The Company's wholly-owned subsidiary, SMI, entered into a purchase and sale agreement to acquire the entire 126-acre industrial zoned property for a purchase price of $7 million. Closing is expected to occur on or about June 15, 2018. SMI has received development approval from the Regional District of Okanagan-Similkameen for construction of the Sunniva Canada Campus.

- SMI received the Confirmation of Readiness ("COR") for a license under the *Access to Cannabis for Medical Purposes Regulations* ("ACMPR") from Health Canada. This represents acceptance of our detailed application with the next step being an inspection upon site readiness in order to commence cultivation.

GOING CONCERN

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

The Interim Consolidated Financial Statements were prepared on a going concern basis and assume the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception through March 31, 2018 and revenue has been insufficient to cover the costs of operations, or to fund capital expenditures. As at March 31, 2018, the Company has an accumulated deficit of $34.8 million and incurred a net loss of $6.3 million for the period ended March 31, 2018; however, the Company had a working capital surplus of $24.1 million compared to a working capital deficit of $1.2 million at December 31, 2017.

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

INTERIM MD&A – QUARTERLY HIGHLIGHTS

The following table sets forth selected unaudited financial information of the Company for the three month periods ended March 31, 2018, 2017 and 2016:

	For the three months ended March 31		
(000s)	**2018**	**2017**	**2016**
Total revenue	$ 5,164	$ 2,374	$ -
Gross margin	2,093	1,215	-
Net loss	(6,268)	(962)	(1,311)
Comprehensive loss	(5,863)	(835)	(1,311)
Basic and diluted loss per share	(0.23)	(0.04)	(0.07)

	As at		
(000s)	**March 31, 2018**	**December 31, 2017**	**December 31, 2016**
Current assets	$ 32,899	$ 14,532	$ 9,793
Total assets	97,052	73,948	25,663
Current liabilities	8,776	15,739	10,654
Total liabilities	33,626	40,608	11,418
Shareholders' equity	63,426	33,340	14,245

The table below summarizes the Company's cash flows for the three-month periods ended March 31, 2018, 2017 and 2016:

(000s)	For the three months ended March 31 2018	2017	2016
Net cash provided (used in)			
Operating activities	$ (1,598)	$ (1,388)	$ (1,694)
Investing activities	(5,266)	(2,808)	(11,031)
Financing activities	24,742	532	12,801
Effect of foreign exchange on cash	254	(50)	-
Increase (decrease) in cash	18,132	(3,714)	76
Cash and cash equivalents beginning of period	11,424	9,613	41
Cash and cash equivalents end of period	**$ 29,556**	**$ 5,899**	**$ 117**

The Company did not declare any dividends in the period ended March 31, 2018 and does not anticipate doing so in the foreseeable future.

On February 10, 2017, the Company issued the FSD note in an aggregate principal amount of $4.6 million (US$3.5 million) relating to the FSD acquisition. On February 15, 2018, the FSD note was repaid partially in cash of $2.8 million (US$2.2 million), plus accrued interest, and the remaining portion through the issuance of Common Shares at a conversion price of $3.19 (US$2.55) per Common Share. A non-cash gain of $1.0 million was recognized upon settlement of the FSD note.

Cash and cash equivalents as at March 31, 2018 was $29.6 million, which was $18.1 million higher than the balance at December 31, 2017. The increase in cash and cash equivalents during the period was due primarily to the Bought Deal Offering, which was partially offset by the repayment of the FSD note, operating losses and capital investment. The Company has spent approximately $2.6 million to advance the APL Facility (defined below), $2.9 million to advance the Sunniva Canada Campus, and $2.8 million for the repayment of the FSD note, from the proceeds of the Bought Deal Offering.

The Company also recognized share-based payments of $2.2 million related to the issue of stock options. The total fair value of the options granted during the period was $3.4 million.

Summary of Quarterly Results

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

(000s)	Q1'18	Q4'17	Q3'17	Q2'17	Q1'17	Q4'16	Q3'16	Q2'16[1]
Total revenue	$ 5,164	$ 5,856	$ 4,562	$ 3,280	$ 2,374	$ -	$ -	$ 38
Cost of goods sold	(3,071)	(3,352)	(2,834)	(2,044)	(1,159)	(12)	-	-
Selling, general and administrative	(8,428)	(5,766)	(9,382)	(3,483)	(2,156)	(855)	(817)	(1,096)
Research and development	-	(110)	-	-	-	(9)	-	(183)
Costs associated with terminated acquisition	-	-	-	-	-	113	-	(1,909)
Loss from operations	(6,335)	(3,372)	(7,654)	(2,247)	(941)	(763)	(817)	(3,150)
Fair value gain (loss) on derivative liability	(868)	2,415	251	(8,926)	(61)	75	-	-
Foreign exchange gain (loss)	58	(304)	459	275	(42)	(760)	(85)	(72)
Gain on settlement of promissory note	1,011	-	-	-	-	-	-	-
Interest and other expenses	(432)	(271)	(31)	(9)	(2)	-	-	-
Deferred tax recovery	298	1,202	366	336	84	-	-	-
Net loss	(6,268)	(330)	(6,609)	(10,571)	(962)	(1,448)	(902)	(3,222)
Basic loss per share	(0.23)	(0.01)	(0.25)	(0.43)	(0.04)	(0.11)	(0.06)	(0.16)

Note:

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

Summary of Results

During the period ended March 31, 2018, the Company generated $5.2 million in revenue from its two subsidiaries, NHS and FSD, which contributed $2.7 million and $2.5 million, respectively. Net loss for the period ended March 31, 2018 was $6.3 million as compared to $1.0 million during the period ended March 31, 2017.

The key components contributing to the change in net loss from the three months ended March 31, 2018 compared to the three months ended March 31, 2017 comprise the following:

- Revenue increased from $2.4 million to $5.2 million due to NHS and FSD being acquired mid-way through the comparative period ended March 31, 2017 and stronger Q1 2018 results from FSD.
- Costs of goods sold increased from $1.2 million to $3.1 million resulting from the increase in revenue.
- Gross margin increased from $1.2 million to $2.1 million due to the increase in revenue. On a percentage-basis, gross margin decreased from 51% to 41% due to the higher proportion of FSD sales, which realize lower margins than NHS.
- Selling, general and administration expenses increased from $1.7 million to $5.6 million due to NHS and FSD operating for the full three-month period in 2018 and the Company's overall growth.
- Share-based payment expenses increased from $nil to $2.2 million with the introduction of the Company's stock option plan mid-way through fiscal 2017.
- The Company realized a non-cash gain of $1.0 million on settlement of the FSD note.
- Fair value changes in derivative instruments due to the revaluation of secured convertible promissory notes and warrants increased from an expense of $0.1 million to $0.9 million due to the increase in the Company's share price.
- Amortization and depreciation expense increased from $0.4 million to $0.7 million due to NHS and FSD operating for the full three-month period in 2018.

Discussion of Operations

The Sunniva Canada Campus, will be a 740,000 square foot greenhouse facility in British Columbia, Canada (the "Sunniva Canada Campus"). On May 3, 2018, the Company announced that it had selected the location to build its Sunniva Canada Campus in Okanagan Falls, British Columbia. SMI has entered into a purchase and sale agreement to acquire the entire 126-acre industrial zoned property for a purchase price of $7 million. Closing is expected to occur on or about June 15, 2018. The Company has received development approval from the Regional District of Okanagan-Similkameen for construction of the Sunniva Canada Campus. The Sunniva Canada Campus has an overall estimated project budget of approximately $120 million, which does not include the land purchase discussed above, and includes: external physical structure costs of $25 million; internal structure costs including the automated table systems, irrigation, lighting and climate control of $49 million; and contractor hard costs, architectural and engineering costs, project administration costs and contingency and reserves of $46 million. On May 29, 2018, the Company announced that it had received its COR for a license under the ACMPR from Health Canada for the Company's wholly owned subsidiary, SMI. This represents acceptance of our detailed application with the next step being an inspection upon site readiness in order to commence cultivation.

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 commenced operations in April 2018. The APL Facility is expected to process 500 lbs/day of bio mass for extraction. We anticipate revenues commencing in June 2018 and are currently negotiating contracts with leading brands.

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 "Sunniva California Campus"), which is owned by SPCL, which is related to Barker Pacific Group ("BPG"). The Build to Suit Lease and construction of the Sunniva California Campus, 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.

The Sunniva California Campus is planned in two phases. Phase 1 is designed to be 325,000 square feet and phase 2 will be 164,000 square feet. At this facility, it is estimated 30% of all product will be used for higher margin extracted products and all products will be produced free from the pesticides commonly used within today's industry. The Company anticipates the Sunniva California Campus being operational late in Q3 2018.

Liquidity

As at March 31, 2018 the Company had $32.9 million in current assets (December 31, 2017 - $14.5 million) and had a working capital surplus of $24.1 million compared to a deficit of $1.2 million at December 31, 2017.

The Company raised $27.8 million through the issuance of Common Shares under the Bought Deal Offering, $940,000 of finders' warrants were exercised for Common Shares, $575,000 of stock options were exercised for Common Shares, $219,000 of financing warrants were exercised for Common Shares, $652,000 of debentures were converted to Common Shares; and the Company incurred share issuance costs of $2.7 million during the period ended March 31, 2018. At March 31, 2018, the Company's net share capital was $82.9 million compared to $53.5 million as at December 31, 2017.

The Company used the funds from the Bought Deal Offering to fund approximately $2.6 million to advance the APL Facility, $2.9 million to advance the Sunniva Canada Campus, and $2.8 million for the repayment of the FSD note on February 15, 2018.

(In Canadian Dollars)

As at March 31, 2018, the Company has 3,791,875 stock options outstanding pursuant to the Company's stock option plan approved by shareholders at the Company's annual general meeting in 2017. The Company recorded a share-based payment expense of $2.2 million in the period for units granted and vested during the period.

	Stock options	Weighted Average Exercise Price
Balance, January 1, 2017	-	$ -
Granted	3,695,000	4.26
Forfeited	(384,375)	(3.40)
Balance, December 31, 2017	3,310,625	$ 4.36
Granted	650,000	6.75
Exercised	(168,750)	(3.40)
Balance, March 31, 2018	3,791,875	$ 4.81

As at March 31, 2018, the Company had 3,087,499 warrants and 171,054 compensation options outstanding which, upon exercise, each convert into one Common Share of the Company. The warrants are issued in both Canadian and US denominated currencies as follows:

Finders' Warrants

Issue Date	Issued	Exercised	Outstanding	Exercise Price	Expiry Date
December 20, 2016	38,941	-	38,941	$3.40	June 30, 2018
December 29, 2016	289,298	(252,037)	37,261	$3.40	June 30, 2018
February 7, 2017	14,525	(14,525)	-	$3.40	February 7, 2018
February 7, 2017	3,850	(3,850)	-	$3.40	February 8, 2018
June 22, 2017	100,000	-	100,000	$6.75	June 22, 2019
October 28, 2017	59,596	(3,158)	56,438	$6.75	June 27, 2019
	506,210	(273,570)	232,640		

Financing Warrants

Issue Date	Issued	Exercised	Outstanding	Exercise Price	Expiry Date
December 29, 2016	100,000	-	100,000	US $2.55	April 12, 2019
December 29, 2016	100,000	(69,400)	30,600	US $2.55	May 1, 2019
December 29, 2016	300,000	-	300,000	US $2.55	July 19, 2019
	500,000	(69,400)	430,600		

Warrants issued in sale and lease back

Issue Date	Issued	Exercised	Outstanding	Exercise Price	Expiry Date
October 23, 2017	1,091,259	-	1,091,259	$4.60	April 23, 2018

Warrants and Options issued in the Bought Deal Offering

Issue Date	Issued	Exercised	Outstanding	Exercise Price	Expiry Date
March 27, 2018	1,283,000	-	1,283,000	$12.50	March 27, 2020
March 27, 2018	50,000	-	50,000	$12.50	March 27, 2020
March 27, 2018	171,054	-	171,054	$9.75	March 27, 2020
	1,504,054	-	1,504,054		

The US denominated warrants are classified as a liability as their exercise price is in US dollars, which is not the Company's functional currency. As at March 31, 2018, the fair value of the US denominated warrants is $2.7 million using the Black-Scholes option pricing model and applying a foreign exchange adjustment as provided in the Interim Consolidated Financial Statements.

The Company is dependent on raising additional equity or debt to carry on its business operations for the next 12 months. The Company has $29.6 million in cash on hand as at March 31, 2018, but there is no guarantee that the Company will be able to raise the additional equity or debt required to fund its ongoing operations and complete its planned capital expenditures.

Capital Resources

As at March 31, 2018, the Company had the following consolidated lease commitments:

(000s)	Build to Suite Lease	Others	Total
2018	$ 4,969	$ 1,135	$ 6,104
2019	11,990	1,557	13,547
2020	11,990	1,467	13,457
2021	11,990	944	12,934
Thereafter	154,453	2,499	156,952
	$ 195,392	$ 7,602	$ 202,994

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

Off-Balance Sheet Arrangements

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

Transactions between Related Parties

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

Related Party	Relationship
Anthony Holler, Chairman, CEO and Director	Director/Management
Leith Pedersen, President, Chief Strategy Officer and Director	Director/Management
Dan Vass, President of NHS and Director	Director/Management
Luke Stanton, Director	Director/Consultant/US Legal
Michael Barker, Director	Director
Todd Patrick, Director	Independent Director
Norm Mayr, Director	Independent Director
Ian Webb, Director	Independent Director
David Negus, Chief Financial Officer	Management
Duncan Gordon, Chief Operating Officer	Management
Ben Rootman, VP Legal, Compliance and Regulatory Affairs	Management
Hugh Ruthven, Chief Marketing Officer	Former Management
Mark Piesner, President USA	Former Management
R. Michael Steele, Chief Financial Officer and EVP Finance	Former Management
Jim Defer, Chief Financial Officer	Former Management
Robert Mills as Robert Mills Alter Ego Trust 1	Shareholder, note holder

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

Total compensation of key Company personnel for the three months ended March 31, 2018 and 2017 are as follows:

(000s)	Three months ended March 31, 2018	Three months ended March 31, 2017
Wages and consulting fees	$ 860	$ 339
Share-based payments	942	-
	$ 1,802	$ 339

Amounts due to related parties is as follows as at:

	March 31, 2018	December 31, 2017
Consulting fees and wages	$ 510	$ 27
Loans from shareholders	$ -	$ 336

The non-management directors have received in aggregate $239,000 in share-based compensation during the period ended March 31, 2018.

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

Dr. Anthony Holler, the Company's Chairman and CEO, has guaranteed the Goleta Facility Lease on behalf of the Company with an estimated commitment as at March 31, 2018 of $1.3 million.

Michael Barker, a Director of the Company, has a material interest in BPG. The Company, through its subsidiary CPL, subsequently entered into the Build to Suite Lease with SPCL a related party to BPG, which was approved by the Board of Directors. The base rent under the lease is based on the budget for the facility (currently estimated at US$54 million) and is calculated based on 17.2% of the project costs as determined under the terms of the lease. The lease is for an initial 15-year term with three five-year extensions. Mr. Barker's interest in the transaction is expected to be approximately 10%.

Luke Stanton, a director of the Corporation 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, LLC, a shareholder of the Company. Mr. Stanton is a shareholder in Skyfront Insurance, LLC, an insurance brokerage that provides services to the Company's U.S. subsidiaries. Mr. Stanton is also a shareholder of Composite Agency, LLC, a company that provides branding, marketing and content production services for the Company's U.S. cannabis greenhouse production facility. 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 for monthly compensation of $18,000. Mr. Stanton is responsible for state licensing efforts, licensing applications plus supply contract negotiations with leading brands.

Critical Accounting Estimates

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

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

Significant judgments made by management in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the Interim Consolidated Financial Statements include the determination of functional currency, the fair value of the secured convertible promissory notes, the fair value of the warrant liabilities, and the Company's ability to continue as a going concern.

Changes in Accounting Policies Including Initial Adoption

Please see Notes 2(G) and 2(H), *New and Amended Standards Adopted* and *New Standards and Interpretations Not Yet Effective,* to the Company's Interim Financial Statements for a full disclosure on its changes in accounting policies including initial adoption.

Outstanding Share Data

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

At the date of this MD&A, the Company has 31,805,747 (December 31, 2017 - 26,636,073) Common Shares issued and outstanding. In addition, the Company has 3,745,000 (December 31, 2017 – nil) stock options outstanding, 1,753,606 (December 31, 2017 – 2,097,469) warrants outstanding including warrants issued in connection with the Bought Deal Offering, 171,054 compensation options outstanding which were issued in connection with the Bought Deal Offering, and an $11,382,841 principal amount of convertible debentures outstanding which are convertible into 2,495,028 Common Shares not including Common Shares issuable in respect of accrued interest. Each of the Company's outstanding stock options, warrants, and compensation options are exercisable for one Common Share.

RISKS AND UNCERTAINTIES

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

Investing in our Common Shares involves significant risks. You should carefully consider the summary of risks described below, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing in the Company's short form prospectus dated March 20, 2018, including the documents incorporated by reference therein. The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows could be materially and adversely affected. In that event, the market price of our Common Shares could decline, and you could lose part or all of your investment.

Risks Related to the Company

- The Company is a development stage company with little operating history, and the Company cannot assure profitability.
- Uncertainty about the Company's ability to continue as a going concern.
- The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.
- The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations.
- There are factors which may prevent the Company from the realization of growth targets.
- The Company is reliant on its cultivation licenses to produce medical cannabis products.
- The Company is subject to changes in laws, regulations and guidelines which could adversely affect the Company's future business, financial condition and results of operations.
- The Company's business plan involves a number of strategic partnerships. If these partnerships do not materialize, the Company may be unable to sell its products.

- The Company may not be able to develop its products, which could prevent it from ever becoming profitable.
- The Company's officers and directors control a large percentage of the Company's issued and outstanding Common Shares and such officers and directors may have the ability to control matters affecting the Company and its business.
- There is no assurance that the Company will turn a profit or generate immediate revenues.
- The Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.
- The Company may be unable to adequately protect its proprietary and intellectual property rights, particularly in the U.S.
- The Company may be forced to litigate to defend its intellectual property rights, or to defend against claims by third parties against the Company relating to intellectual property rights.
- The Company may become subject to litigation, including for possible product liability claims, which may have a material adverse effect on the Company's reputation, business, results from operations, and financial condition.
- The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates.
- The Company faces competition from other companies where it will conduct business that may have higher capitalization, more experienced management or may be more mature as a business.
- If the Company is unable to attract and retain key personnel, it may not be able to compete effectively in the cannabis market.
- There is no assurance that the Company will obtain and retain any relevant licenses.
- Failure to successfully integrate acquired businesses, its products and other assets into the Company, or if integrated, failure to further the Company's business strategy, may result in the Company's inability to realize any benefit from such acquisition.
- The size of the Company's target market is difficult to quantify, and investors will be reliant on their own estimates on the accuracy of market data.
- The Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition.
- The Company continues to sell shares for cash to fund operations, capital expansion, mergers and acquisitions that will dilute the current shareholders.
- The Company may not be able to secure all necessary financing in time to 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 may have restrictions on the type and form of marketing it can undertake which could materially impact sales performance.
- The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against the Company.
- The Company will be reliant on information technology systems and may be subject to damaging cyber-attacks.
- The Company may be subject to breaches of security at its facilities, or in respect of electronic documents and data storage, and may face risks related to breaches of applicable privacy laws.
- The Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest.
- In certain circumstances, the Company's reputation could be damaged.

Risk Factors Related to the United States

- Some of the Company's planned business activities, while believed to be compliant with applicable U.S. state and local law, are illegal under federal law.
- There is uncertainty regarding existing protection from federal prosecution.
- There is uncertainty surrounding the Trump Administration and Attorney General Jeff Sessions and their influence and policies in opposition to the cannabis industry as a whole.
- The Company is operating at a regulatory frontier. The cannabis industry is a new industry that may not succeed.
- The Company'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 Controlled Substances Act (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 *Medicinal and Adult-Use Cannabis Regulation and Safety Act* 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.
- There is no assurance of success or profitability under the new legal and regulatory structure in California.
- California Legislation states that once the regulations promulgated by the Bureau of Cannabis Control (the "Bureau"), and any other California state agency that may become involved, are implemented, no person can engage in commercial cannabis activity without possessing both a state license and either a local permit, license or other authorization, or otherwise in compliance with local law.
- California Legislation gives priority in respect of the issuances of licenses to facilities and entities in operation and in good standing with a local jurisdiction by September 1, 2016, which is not applicable to the Company.
- There are fees associated with acquiring, and renewing, licenses. However, the specific amount of such fees has yet to be determined and may vary based on several factors.
- 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 tax deductions under section 280E of 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 is classified as Schedule I controlled substance. The Drug Enforcement Agency recently published a final rule in the Federal Register creating a new drug code for "marihuana extracts".
- U.S. Federal trademark and patent protection may not be available for the intellectual property of the Company due to the current classification of cannabis as a Schedule I controlled substance.
- The Company's contracts may not be legally enforceable in the U.S.

Risks Related to Our Securities

- The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control.
- The Company is subject to uncertainty regarding legal and regulatory status and changes.
- The Company does not anticipate paying cash dividends.
- Future sales of Common Shares by existing shareholders could reduce the market price of the Common Shares.

For additional description of the risk factors affecting the Company, please see Company's continuous disclosure documents on www.sedar.com.

Conflicts of Interest

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

Additional Information

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