SUNNIVA INC. ANNOUNCES Q3 2018 FINANCIAL RESULTS AND PROVIDES STRATEGIC UPDATE ON CANADIAN OPERATIONS

Third Quarter Highlights

- Revenue of $3.8 million with gross margin of 56%
- Year to date revenue of $13.4 million, up over 30% year over year
- Initial operations and revenue from the Extraction Facility (as defined below)
- Closed $23 million bought deal financing (the "Offering")

VANCOUVER, BC – November 28, 2018 - Sunniva Inc. ("Sunniva", the "Company", "we", "our" or "us") (**CSE:SNN**) (**OTCQB:SNNVF**), a North American provider of cannabis products and services, today released its financial and operational results and management's discussion and analysis for the three and nine months for the third quarter of 2018 ended September 30, 2018. All figures are reported in Canadian dollars ($) unless otherwise stated. Sunniva's financial statements are prepared in accordance with International Financial Reporting Standards.

"We continue to make progress towards completion of Phase 1, the first 325,000 square feet, of our purpose built, high-technology cannabis greenhouse in Cathedral City, California. While we have remained committed to advancing our operations in order to play a leadership role in the California cannabis market as we launch our first Sunniva branded products in the first quarter of 2019, we have maintained solid performance of our existing operations with $3.8 million in revenue and gross margins of 56% in the third quarter. We have now generated year to date revenue of $13.4 million, a 30 percent increase over this same period last year," said Anthony Holler, Chief Executive Officer of Sunniva.

"With our strategic assets in place in California, we are now in a position to accelerate our revenue growth by advancing upon our upstream vertical opportunities. We will soon demonstrate our ability to become one of the lowest cost operators producing pesticide-free, premium quality cannabis products, and achieving true vertical integration by:

- leveraging our purpose built, large-scale, high technology cGMP designed greenhouse in Cathedral City (the "Sunniva California Campus");
- accelerating production within our licensed volatile and non-volatile extraction facility in Cathedral City, California (the "Extraction Facility");
- producing and stockpiling inventory for Sunniva-branded product launches commencing Q1 2019;
- completing the pending acquisition of LTYR Logistics, LLC ("LTYR") for state-wide distribution of Sunniva-branded products;
- aggressively pursuing dispensary retail expansion throughout California; and
- integrating our additions to the California management team to facilitate growth and revenues in 2019.

Dr. Holler continued, “In Canada, we concluded our formal engagement with Canaccord Genuity Corp. to conduct a thorough examination of the Canadian cannabis market to define Sunniva’s strategy for our Canadian operations. We can confirm the Company intends to spin-out its Canadian assets (the “Spin-Out”) into a separate Canadian entity (“Spinco”). Our Canadian assets include Natural Health Services Ltd. (“NHS”), which owns our seven physician-based medical clinics throughout Canada and Sunniva Medical Inc. (“SMI”), which is our licensed producer applicant and owns the 126-acre parcel of land in Okanagan Falls, British Columbia, the site for a large-scale, purpose-built cGMP designed greenhouse (the “Sunniva Canada Campus”).”

Financial Highlights – Three and Nine Months Ended September 30, 2018

Consolidated Financial Highlights expressed in 000’s of CDN$, except per share amounts

	Three Months Ended September 30,		
	2018	**2017**	**Change**
Revenue	3,739	4,562	(823)
Cost of Goods Sold	1,634	2,834	(1,200)
Gross Margin	2,105	1,728	377
Selling, General and Administrative	6,420	5,089	1,331
Share-based Payments	2,303	3,311	(1,008)
Amortization Expense	751	660	91
Loss from Operations	(7,369)	(7,332)	(37)
Net Loss	(6,781)	(6,247)	(534)
Basic Loss Per Share	($0.21)	($0.25)	$0.04
Weighted Average Number of Shares	32,042,054	25,374,940	6,667,114
Total Number of Shares Outstanding	32,054,215	26,623,016	5,431,199
	Nine **Months Ended September 30,**		
	2018	**2017**	**Change**
Revenue	13,372	10,215	3,157
Cost of Goods Sold	6,386	6,036	350
Gross Margin	6,986	4,179	2,807
Selling, General and Administrative	16,933	9,830	7,103
Share-based Payments	6,408	3,311	3,097
Amortization Expense	2,171	1,792	379
Loss from Operations	(18,526)	(10,754)	(7,772)
Net Loss	(17,961)	(17,953)	(8)
Basic Loss Per Share	($0.59)	($0.72)	$0.13
Weighted Average Number of Shares	30,386,117	25,101,369	5,284,748
Total Number of Shares Outstanding	32,054,215	26,623,016	5,431,199

Results of Operations – Three Months Ended September 30, 2018

For the three and nine months ended September 30, 2018, the Company generated $3.7 million and $13.4 million in revenue, respectively. NHS contributed $2.5 million and $8.4 million, Full-Scale Distributors, LLC (“FSD”) contributed $1.1 million and $4.9 million, and CP Logistics, LLC contributed $0.1 million over these same periods. Net loss for the three and nine months ended September 30, 2018 was $6.8 million and

$18.0 million as compared to $6.3 million and $18.0 million during the three and nine months ended September 30, 2017.

The key components contributing to the change in net loss from the three and nine months ended September 30, 2018 compared to the prior comparative periods comprise the following:

- Revenue decreased by $0.8 million during the three months ended September 30, 2018 and increased by $3.2 million during the nine months ended September 30, 2018 as compared to the respective comparative periods. NHS revenue decreased by $0.7 million during the three months ended September 30, 2018 due to a decline in the number of prescriptions written over the comparative period; however, NHS revenue increased by $1.0 million during the nine months ended September 30, 2018 due to an increase in the number of clinics and Licensed Producers ("LPs") under contract over the comparative period. FSD revenue decreased slightly by $0.2 million during the three months ended September 30, 2018 but increased by $2.1 million during the nine months ended September 30, 2018 due to an increased customer base and strong first quarter 2018 results. The increase over the comparative nine months ended September 30, 2017 is also due to the acquisitions of NHS and FSD midway through February 2017.

- Gross margin increased by $0.4 million and $2.8 million during the three and nine months ended September 30, 2018 primarily due to the increase of LP revenue in NHS. LP revenue provides the highest margin of all the Company's revenue streams. On a percentage basis, gross margin increased from 38% and 41% in the three and nine months ended September 30, 2017 to 56% and 52% in the three and nine months ended September 30, 2018 due to the increase in LP revenue.

- Selling, general and administration expenses increased by $1.3 million and $7.1 million during the three and nine months ended September 30, 2018. The increase is primarily due to an increase in operational spend with the Company's continued expansion, higher costs associated with being a publicly-listed company and increased advisory costs related to the development of the cultivation businesses in California and Canada. The most significant increase in costs relate to professional fees, personnel costs and rent. The increase over the comparative period is also due to the acquisitions of NHS and FSD occurring midway through the first quarter of fiscal 2017.

- Share-based payment expenses were $2.3 million and $6.4 million in the three and nine months ended September 30, 2018 compared to $3.3 million in the three and nine months ended September 30, 2017 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 a secured convertible promissory note issued in connection with the acquisition of FSD in the first quarter of fiscal 2018.

- Fair value changes in derivative instruments due to the revaluation of secured convertible promissory notes and warrants went from a gain of $0.3 million and an expense of $8.7 million for the three and nine months ended September 30, 2017 to gains of $1.1 million and $0.8 million for the three and nine months ended September 30, 2018. This was due to a decrease in the Company's share price in the third quarter of fiscal 2018 and significant fair value changes in fiscal 2017 with the Company's private share value increasing throughout fiscal 2017.

- Amortization and depreciation expense increased by $0.1 million and $0.4 million during the three and nine months ended September 30, 2018 due to a higher cost base of the assets in fiscal 2018 and the intangible assets being acquired midway through the first quarter of fiscal 2017.
- The Company's cash position is $11.2 million as of the date hereof.

Recent Operating Developments Subsequent to September 30, 2018

- On October 12, 2018, the Company completed the Offering for aggregate gross proceeds of $23.0 million. A total of 4,370,000 units were sold at a price of $5.27 per unit. The Company intends to use the net proceeds from the Offering for construction and operations at the Sunniva Canada Campus and Sunniva California Campus, with the remaining amount funding working capital.

- On October 16, 2018, the Company signed a letter of intent with a related party, the Oakland Vision Project ("Vision"), to acquire all the issued and outstanding equity interests of the companies that comprise Vision. Vision is jointly owned by Vinayak Shastry, the Company's President of U.S. Operations. Vision operates a licensed cultivation facility located in Oakland, California (the "Oakland Facility") and currently has a contract to supply the Sunniva California Campus with clean clones to initiate production. Completion of the acquisition remains subject to a number of conditions including, among other things: the negotiation and execution of a definitive agreement between the Company and Vision, completion of due diligence and receipt of regulatory approvals, including approval of the Canadian Securities Exchange.

- In November 2018, the Company transitioned from the OTCQX to the OTCQB as a consequence of the decrease in the Company's share price on the OTCQX which resulted in the Company no longer meeting the qualification requirement that it relied on for the purposes of listing. The Company will continue to trade under the symbol "SNNVF" and it will have no effect on the reporting obligations of the Company in the United States.

- On November 26, 2018, the Company signed a binding letter of intent with LTYR, a cannabis distribution company in California that is expected to become Sunniva's logistics and technology distribution platform to drive sales from Sunniva's large-scale cannabis production and manufacturing facilities and the launch of Sunniva-branded products commencing Q1 2019. LTYR will also utilize Sunniva's Cathedral City distribution and delivery license. The principal members of LTYR will also perform key management and sales roles in California. LTYR will continue to generate revenues and expand its existing relationships with over 120 licensed dispensaries throughout California. Concurrently, Sunniva is purchasing a 4,200 sq. ft warehouse in Long Beach, California that, once licensed and operational, will serve as an additional distribution hub for Sunniva and will expand the Company's distribution reach from the southern border to San Francisco. The City of Long Beach is a cannabis friendly region and the warehouse is situated in an industrial district that has been zoned for cannabis business operations. Renovations and receipt of licensing requirements are expected to be completed in Q2 2019. Completion of the acquisition remains subject to a number of conditions including, among other things: the negotiation and execution of a definitive agreement between the Company and LTYR, completion of due diligence and receipt of regulatory approvals, including approval of the Canadian Securities Exchange.

Copies of our interim financial statements for the three and nine months ended September 30, 2018 and related management's discussion and analysis of financial results are available on SEDAR at www.sedar.com.

California Operations Update

- Construction is nearing completion for Phase 1 of the Sunniva California Campus and is expected to be completed in Q1 2019. Total production capacity of Phase 1 is projected to be 50,000 kg (50 million grams) per year of premium indoor cannabis when fully ramped up. A total of 100,000 plants from the Oakland Facility are being prepared for onboarding for the initial planting cycle in Q1 2019. Automation will move the plants through their life cycle and when operating at full capacity, the Sunniva California Campus is expected to deliver a continuous daily harvest of approximately 210 kg (2.1 million grams) of dried flower. We continue to work toward the completion of our California state licensing requirements for the Sunniva California Campus. The cultivation licenses are currently being processed and the remaining license applications are being prepared for submission to the state of California. The Company does not expect operational delays from these licensing requirements. The Sunniva California Campus will be a 489,000 sq. ft. state-of-the-art, purpose-built cGMP facility capable of producing 72,500 kg (72.5 million grams) per year of dried flower at peak capacity once construction of Phase 2 is completed.

- The Extraction Facility, licensed for both volatile and non-volatile extraction processes, commenced operations in July 2018. The extraction team has been manufacturing and perfecting its extracted product lines and developing product formulations. Sunniva is currently stockpiling inventory in preparation for the launch of Sunniva-branded product lines in Q1 2019. The Extraction Facility has the ability to produce vape oil-distillate, ultra-pure concentrates, fresh frozen, shatter, capsules, tinctures, and edibles. The Extraction Facility adheres to cGMP standards and has the capacity to process over 10,000 lbs of cannabis biomass a month. Sunniva continues to source compliant third-party biomass and trim through existing relationships which will drive revenues in early 2019. Reliance on purchases of third-party biomass will be reduced as production from the Sunniva California Campus becomes available.

- We have been evaluating many retail expansion opportunities to complement our vertical integration strategy. In addition to the flagship dispensary being built at the Sunniva California Campus, our goal is to pursue other retail acquisitions to expand our footprint in this part of the integration chain.

- Sunniva has strengthened its California management team in preparation for full operations in 2019. We have hired Kevin Wilkerson as COO of California operations, Tom Brozowski as Vice President Operations, Andrew Pruett as Vice President of Technology, Jay Myers as Vice President of Sales, Brad Neeld as Vice President of Distribution and Victor Ide, Manager of Human Resources.

Canada Operations Update

- Our business strategy in Canada will shift from becoming a wholesaler of cannabis to a focus on the higher margin direct to patient medicinal cannabis market. Currently in Canada, there are approximately 400,000 registered cannabis patients, with that number forecasted to grow to over two million registered patients in the next three years. NHS has 105,000 registered patients to date and with 100% ownership of seven physician-based clinics across Canada, we feel we have a significant competitive advantage in capturing additional market share in this area.

- We have defined a clear path to accelerate our licensing and production timelines through SMI at the Sunniva Canada Campus by starting construction of a smaller modular phased approach that will require less than $1.5 million in cash capital expenditures. Production from this modular phase will be key to achieving our goal of 20,000 registered patients in 2019 and over 50,000 in 2020. We intend to increase future production capacity through phased development of the Sunniva Canada Campus.

- The Company intends to spin out its Canadian assets into Spinco and apply to list the shares of Spinco on the TSX Venture Exchange ("TSX-V") first half of 2019.

Spin-Out Steps and Anticipated Timelines

- Borden Ladner Gervais LLP has been engaged to handle the legal aspects of the Spin-Out including outlining the steps, timeline, preparation of the information circular and making the necessary regulatory and court applications.
- PriceWaterhouseCoopers LLP has been engaged as tax advisors to conduct the tax assessment and valuation of the Spin-Out to determine the allocation of value of the Canadian and US entities.
- MNP LLP has been retained as the auditors to conduct the audit of the carve-out financial statements of Spinco.
- Q1 2019 - set record date and mail out of information circular which will include information on the management, board of directors and financial statements of Spinco.
- Q1/Q2 2019 - meeting of the shareholders to vote on the transaction.
- Q2 2019 - shares of Spinco expected to begin trading on the TSX-V.

Canada Business Plan

- Sunniva has the infrastructure to capture significant market share within the medicinal cannabis market:

  - Market estimated to reach over two million patients in the next three years
  - Insurance companies and unions providing medical cannabis coverage under group benefit plans
  - Physicians are the gatekeepers to achieving market share
  - High margin, LP direct to patient distribution business model

- BMO Capital Markets estimate medical sales price of $8.50 per gram for the next three years with the current average patient spend of $2,000 per year

- Patient capture through 100% ownership of NHS cannabis clinics and technology platform:
  - Seven specialized brick and mortar cannabis clinics in four provinces (AB, SK, MB, ON)
  - Over 105,000 registered patients
  - 18 health care professionals (GPs, specialists) and two nurse practitioners
  - Creating an online virtual e-commerce clinic platform for education, telemedicine and sales
  - Planned collaboration with universities for research and development

- SMI received Confirmation of Readiness for a cultivation license under the *Access to Cannabis for Medical Purposes Regulation* from Health Canada on May 26, 2018 – SMI's application is approved and subject to initial phased build and readiness

- **Phase 1 – Modular fast- tracked facility (planned flower capacity ~5,000 kg/year)**
  - New cultivation modules expected to be delivered to site January 2019
  - Cannabis genetics already sourced for production
  - Submit for cultivation license approval - January 2019
  - Estimate registering 20,000 medical patients in 2019, over 50,000 in 2020
  - Estimated costs < $2.50/gram pharma-grade, pesticide-free producer
  - Initial capital of $1.5 million with additional production modules to be vendor financed
  - Estimate receipt of sales license and first harvest by Q3 2019

- **Phase 2 – 458,000 sq. ft (50,000 kg per year flower capacity)**
  - State-of-the-art, purpose built, cGMP designed greenhouse
  - Low cost < $1.00/gram pharma-grade, pesticide-free producer
  - Subject to financing and license approvals

- **Phase 3 – 301,000 sq. ft (50,000 kg per year flower capacity)**
  - State-of-the-art, purpose built, cGMP designed greenhouse
  - Low cost < $1.00/gram pharma-grade, pesticide-free producer
  - Subject to financing and license approvals

Please see the updated Corporate Presentation and Fact Sheet at www.Sunniva.com/Investors/

To be added to the Sunniva email distribution list, please email Sunniva@kcsa.com with Sunniva in the subject line.

About Sunniva Inc.

Sunniva, through its subsidiaries, is a vertically integrated cannabis company operating in the world's two largest cannabis markets – Canada and California. Our ability to leverage our large-scale, purpose-built cGMP designed greenhouses, offering better quality assurance with cannabis products free from pesticides, uniquely positions Sunniva as a leading supplier of safe, high quality products at scale. Through our strategically positioned cultivation and extraction facilities, we are launching Sunniva-branded products in various product categories including premium concentrates, vape cartridges, flower, pre-rolls, and beverages as well as aggressively pursuing upstream vertical opportunities including distribution and retail expansion. Sunniva's management and board of directors have a proven track record for creating significant shareholder value both in the healthcare and biotech industries.

For more information please visit: www.sunniva.com

Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

This press release contains forward-looking statements within the meaning of applicable securities laws. All statements that are not historical facts, including without limitation, statements regarding future estimates, plans, programs, forecasts, projections, objectives, assumptions, expectations or beliefs of future performance, statements regarding the Company's operations and growth opportunities, the Company's expansion of its footprint in the U.S., the Company's vision to become one of the lowest cost, highest quality vertically integrated cannabis producers in the markets we serve by building large scale purpose-built current cGMP designed greenhouses and expansion of retail locations, offering better quality assurance with cannabis products free from pesticides, providing better customer access to cannabis education and sourcing better therapeutic delivery devices, the profitability of the Company's facilities and operating subsidiaries, the expected dramatic increase in demand for cannabis in Canada following legalization of cannabis, the costs and expected production at the Sunniva California Campus and the Sunniva Canada Campus, the timing and conditions relating to the Spin-Out, the Sunniva California Campus being operational in Q1 2019 with the first harvest expected in Q2 2019, the ability of the Company to launch Sunniva-branded product lines in California and propagate the Sunniva California Campus with clean clones, the conditions of closing for the acquisition of Vision, the conditions of closing for the acquisition of LTYR, the expectation that LTYR will continue to generate revenues and expand its existing relationships with over 120 licensed dispensaries throughout California, the timing of renovations and receipt of licensing requirements for the warehouse in Long Beach, California, the impact of the transaction with LTYR on the Company and LTYR's expected role as the Company's logistics and technology distribution platform, the Company's expectation that there will be no operational delays from the California licensing requirements for the Sunniva California Campus, the Company's anticipated production and brand roll-out at the Extraction Facility, the reduction of reliance on purchases of third-party biomass as production from the Sunniva California Campus becomes available, the Company's goal to pursue other retail acquisitions in California, the Company's shift in focus from becoming a wholesaler of cannabis to the direct to patient medicinal cannabis market in Canada, the expected growth of the number of registered cannabis patients in Canada, the estimated medical sales price for the next three years and average patient spend, the Company's expected use of proceeds from financings, and statements regarding the plans, timing and conditions of the Spin-Out, are "forward-looking statements." Forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, the risk factors included in the Sunniva's continuous disclosure documents available on www.sedar.com. These factors should be considered carefully, and readers are cautioned not to place undue reliance on such forward-looking statements. Although Sunniva has attempted to identify important risk factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other risk factors that cause actions, events or results to differ from those anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in forward-looking statements. Sunniva assumes no obligation to update any forward-looking statement, even if new information becomes available as a result of future events, new information or for any other reason except as required by law.

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