SUNNIVA INC. ANNOUNCES Q2 2019 FINANCIAL RESULTS

VANCOUVER, BC – August 29, 2019 - 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 results and management's discussion and analysis for the three and six months ended June 30, 2019. All figures are reported in Canadian dollars ($), unless otherwise indicated. Sunniva's financial statements are prepared in accordance with International Financial Reporting Standards.

"Despite some of the financial and operational challenges we have experienced in the first half of 2019, Sunniva remains steadfast in our strategy to become a fully vertically integrated cannabis company in California," said Dr. Anthony Holler, CEO, Sunniva. "The Company remains focused on the completion of the world-class glass house under construction in Cathedral City, which when completed is expected to provide large scale, high quality flower production which will be the springboard for our future growth. Production from that facility will provide the foundation for our extraction facility and the continued development of our flower and concentrate brands."

"We have demonstrated the revenue generating capabilities of our extraction facility and sales and marketing teams and we are looking-ahead to continued growth in this area with the completion of our Coachella distribution facility distribution business which will enable us to continue with additional brand development and expand our market penetration," said Holler. "The California cannabis industry continues to evolve at a rapid pace, and we believe that with the facilities and strategic business segments we are putting in place the Company will be very well positioned for long term success as an industry leader."

Financial Highlights – Three and Six Months Ended June 30, 2019

Consolidated Financial Highlights expressed in 000's of CAD$, except per share amounts

	Three Months Ended June 30,		
	2019	**2018**	**Change**
Revenue	$ 5,349	$ 4,469	$ 880
Cost of Goods Sold	4,565	1,681	2,884
Gross Margin	784	2,788	(2,004)
Selling, General and Administrative	8,991	4,954	4,037
Production Facility Costs	1,789	-	1,789
Share-based Payments	527	1,936	(1,409)
Amortization Expense	1,267	719	548
Loss from Operations	(11,790)	(4,821)	(6,969)
Net Loss	$ (14,975)	$ (4,910)	$ (10,065)
Basic Loss Per Share	$ (0.39)	$ (0.16)	$ (0.23)
Weighted Average Number of Shares	38,837,427	31,666,028	7,171,399

	Six Months Ended June 30, 2019	2018	Change
Revenue	$ 19,538	$ 9,633	$ 9,905
Cost of Goods Sold	13,496	4,752	8,744
Gross Margin	6,042	4,881	1,161
Selling, General and Administrative	15,059	10,512	4,547
Production Facility Costs	1,789	-	1,789
Share-based Payments	1,529	4,105	(2,576)
Amortization Expense	2,520	1,420	1,100
Loss from Operations	(14,855)	(11,156)	(3,699)
Net Loss	$ (18,431)	$ (11,178)	$ (7,253)
Basic Loss Per Share	$ (0.48)	$ (0.38)	$ (0.10)
Weighted Average Number of Shares	38,543,064	29,544,426	8,998,638

Results of Operations – Three and Six Months Ended June 30, 2019

For the three and six months ended June 30, 2019, the Company generated $5.3 million and $19.5 million in revenue as compared to $4.5 million and $9.6 million during the three and six months ended June 30, 2018. CPL contributed $1.5 million and $11.5 million, NHS contributed $1.8 million and $3.7 million while FSD contributed $2.0 million and $4.3 million over these same periods. Net loss for the three and six months ended June 30, 2019 was $15.0 million and $18.4 million as compared to $4.9 million and $11.2 million during the three and six months ended June 30, 2018.

The key components contributing to the change in net loss from the three and six months ended June 30, 2019 compared to the prior comparative periods comprise the following:

- Revenue increased by $0.9 million and $9.9 million during the three and six months ended June 30, 2019. CPL revenue increased by $1.5 million and $11.5 million over the comparative periods due to increased sales from the extraction business line and the commencement of CPL's packaging business line. FSD revenue increased by $0.7 million and $0.6 million over these comparative periods due to an increased customer base year over year. NHS revenue decreased by $1.3 million and $2.2 million over these comparative periods due to a decrease in the number of doctors.
- Gross margin decreased by $2.0 million and increased by $1.2 million during the three and six months ended June 30, 2019. For the three months ended June 30, 2019, CPL's margins were reduced in an effort to increase operating cash flows that were tied up in inventory. Furthermore, margins were negatively impacted by the decrease in NHS revenue, which consistently provides the highest margin of all the Company's revenue streams. Gross margin increased for the six months ended June 30, 2019 due to the high level of sales in CPL in the first quarter of fiscal 2019. On a percentage basis, gross margin decreased from 62% and 51% in the three and six months ended June 30, 2018 to 1% and 31% in the three and six months ended June 30, 2019 due to the reasons discussed above.
- Selling, general and administration expenses increased by $4.0 million and $4.5 million during the three and six months ended June 30, 2019. The increase is due to the continued expansion of US operations, while incurring additional costs in relocating the corporate functions from Vancouver,

British Columbia to Carlsbad, California. In addition, CPL recognized a provision on accounts receivable of $2.3 million and $2.8 million for the three and six months ended June 30, 2019.

- Production facility costs of $1.8 million were incurred for the three and six months ended June 30, 2019. The Company had no such costs in the comparative periods.
- Share-based payment expenses decreased from $1.9 million and $4.1 million in the three and six months ended June 30, 2018 to $0.5 million and $1.5 million in the three and six months ended June 30, 2019. The decrease is due to several option holders departing with the corporate transition and the accounting under IFRS whereas the recognition of share-based payment expense decreases as options continue to vest.
- Fair value changes in derivative instruments due to the revaluation of secured convertible promissory notes and warrants increased from a gain of $0.5 million and a loss of $0.3 for the three and six months ended June 30, 2018 to no impact and a loss of $0.5 million for the three and six months ended June 30, 2019. This was due to all derivative instruments being settled in early 2019.
- Amortization and depreciation expense increased by $0.5 and $1.1 million during the three and six months ended June 30, 2019 due to a higher cost base of the assets in 2019.

Key Developments in the Second Quarter 2019

- On April 1, 2019, the Genetics Agreement which provided CPL access to cannabis genetic and propagating materials produced at a licensed cannabis cultivation facility in Oakland, California (the "Genetics Agreement") terminated in accordance with its terms. Prior to the expiration of the Genetics Agreement, CPL moved the propagating materials and genetics to another facility in California.

- On April 15, 2019, the Company closed a non-brokered private placement (the "April Unit Offering") of 4.3 million units of the Company ("April Units") for gross proceeds of $4.3 million. On April 24, 2019, the Company closed a second tranche of the April Unit Offering of 1.21 million April Units for gross proceeds of $1.2 million. In aggregate, a total of 5.51 million April Units were issued, with each April Unit consisting of a principal amount of unsecured promissory notes of the Company ("Promissory Notes") bearing interest at a rate of 10% per annum and 0.1897 common share purchase warrants ("Warrants") at an exercise price of $5.27 per Warrant. The Promissory Notes mature on the earlier of (i) two business days following receipt by the Company of proceeds from the sale of any or all of the Company's Canadian assets following the respective closing dates, which, in the aggregate are equal to or greater than the proceeds of the offering; and (ii) 6 months from the respective closing dates.

- On April 25, 2019, the Company, through CPL, acquired a majority interest in two licenced cannabis companies in California, 420 Distribution, LLC and Coachella Distillation, LLC. The entities hold existing leases for commercial property located in Coachella, California, which will be used to expand the Company's packaging and distribution capabilities in California.

- On May 22, 2019, Leith Pedersen, President, Chief Strategy Officer and Co-Founder of the Company resigned as an officer and a director for personal reasons. His responsibilities have been absorbed by the senior leadership team of the Company.

- On May 31, 2019, the Company announced the appointment of David Lyle as Chief Financial Officer, effective June 3, 2019. Mr. Lyle previously served as Chief Financial Officer at Maxwell Technologies, Inc. ("Maxwell") (NASDAQ:MXWL) a global leader in the development and manufacture of innovative, cost-effective energy storage and power delivery solutions. Maxwell was recently acquired by Tesla, Inc.

- On June 11, 2019, the Company entered into a share purchase agreement to sell SMI to CannaPharmaRx, Inc. in an all-cash transaction for $20.0 million less certain outstanding liabilities in SMI (the "SMI Transaction").

Recent Operating Developments Subsequent to June 30, 2019

- On July 18, 2019, the Company announced the receipt of a non-refundable payment of deposit in the amount of $1.0 million under the SMI Transaction. The SMI Transaction is expected to close in September 2019 for net proceeds of $16.2 million. The closing date has been postponed from the initial expectation of August 2019 to allow both parties to fulfill the necessary closing conditions.

- On July 22, 2019, the Company announced Kevin Wilkerson has been promoted to President of Sunniva Inc., the corporate parent entity. Mr. Wilkerson will also continue his role as President and Chief Executive Officer of SCH, the Company's main US subsidiary.

- On August 1, 2019, the Company closed a non-brokered private placement (the "August Unit Offering") of 5.77 million units ("August Units") of the Company for gross proceeds of $5.77 million. On August 29, 2019 the Company closed a second tranche of the August Unit Offering of 1.46 million August Units for gross proceeds of approximately $1.46 million (US$1.1 million). In aggregate, a total of 7.23 million August Units were issued, with each August Unit consisting of a principal amount of Promissory Notes bearing interest at a rate of 10% per annum and 0.40 Warrants at an exercise price of $2.50 per Warrant. The Promissory Notes mature 6 months from the respective closing dates.

- On August 28, 2019, the Company closed a non-brokered private placement (the "Subsequent August Unit Offering") of 1.5 million units ("Subsequent August Units") of the Company for gross proceeds of $2.0 million (US$1.5 million). Each Subsequent August Unit consists of a principal amount of Promissory Notes bearing interest at a rate of 10% per annum and 1.11 Warrants at an exercise price of $1.20 (US$0.90) per Warrant. The Company has signed an agreement to close a second tranche of 6.0 million Subsequent August Units for gross proceeds of $8.0 million (US$6.0 million) on September 30, 2019. The Promissory Notes mature on 18 months from the respective closing dates.

- The Company has been prioritizing available funding towards the completion of the Sunniva California Campus and as a result has reduced the cash used for purchase of biomass for use in the Extraction Facility and the purchase of third party flower to be used in branded cannabis sales. As a result, the previously announced revenue estimate of USD $55-$60 million from sales of Sunniva branded products in California manufactured in the Extraction Facility and from purchasing compliant third-party flower from strategic relationships that is packaged, branded, distributed and sold can no longer be relied upon.

Copies of our consolidated financial statements for the three and six months ended June 30, 2019 and related management's discussion and analysis of financial results are available on SEDAR at www.sedar.com.

The Company's executive management will discuss the results during a conference call on Thursday August 29, 2019 at 5:00 pm Eastern Time / 2:00 pm Pacific Time. To participate in the call please dial 1-800-319-4610, or (604) 638-5340. An audio replay will be available shortly after the call by dialing 1-855-669-9658 or (604) 674-8052 and entering code 3557. The replay will be available for two weeks following the call.

For more information about the Company please visit: www.sunniva.com and view our construction photo gallery and progress videos at www.sunniva.com/sunniva-campus/california-campus.

To be added to the Sunniva email distribution list please register at www.sunniva.com/email-alerts.

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.

About Sunniva Inc.

Sunniva, through its subsidiaries, is building a vertically integrated cannabis company operating in two of the world's largest legal cannabis markets – California and Canada. In Canada, Sunniva's wholly owned subsidiary Natural Health Services Ltd. operates medical cannabis clinics that provide educational and clinical services to patients. In California, Sunniva is focused on creating sustainable premium cannabis brands supported by our large-scale, purpose-built cGMP designed greenhouse, extraction facility and our in-house marketing and distribution businesses. We offer a steadfast commitment to safety and quality assurance providing cannabis products free from pesticides, which positions Sunniva in California as a leading provider of safe, high quality, reproducible products at scale.

Forward Looking Statements

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 timing of the connection of utilities at the Sunniva California Campus; the reorganization of the project management team and oversight of the Sunniva California Campus; the ability to achieve the anticipated completion timelines due to the engagement of a construction consulting firm; onboarding of genetic material and plants into the Sunniva California Campus in early 2020; the timing of the expected completion of the SMI transaction; the Company's plans to expand its packaging and distributions capabilities in California; the Company's plans to launch Sunniva branded products in various product categories and price points including flower, pre-rolls, vape cartridges and premium concentrates; and the Company's intention to showcase Sunniva branded products within the Company's flagship dispensary to be located at the greenhouse and at licensed dispensaries throughout the state 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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