INDIVA LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

FOR THE YEAR ENDED DECEMBER 31, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

The following is a discussion and analysis of the financial condition and results of operations of Indiva Limited ("**Indiva**" or the "**Company**") for the year ended December 31, 2017. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the year ended December 31, 2017 (the "**Financial Statements**").

All amounts in the MD&A are in Canadian dollars unless indicated otherwise. The Company's accounting policies are in accordance with IFRS.

The Company's continuous disclosure documents are available on SEDAR at www.sedar.com.

Indiva does not engage in any U.S. marijuana-related activities as defined in Canadian Securities Administrators Staff Notice 51-352 dated February 8, 2012 (the "**CSA Notice**"). While the Company has, subject to TSX Venture Exchange ("**TSXV**") approval, partnered with U.S.-based companies, these entities are not engaged in the cultivation, possession, or distribution of marijuana. Instead, the Company has partnered with U.S.-based companies which develop and license intellectual property and copyright branding to the cannabis market, and do not engage in 'plant-touching' activities.

The effective date of this MD&A is April 30, 2017.

FORWARD-LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts, but reflect management's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including, but not limited to, risks and uncertainties related to:

- the Company's future operating and financial results;
- the competitive and business strategies of the Company;
- whether the Company will have sufficient working capital and its ability to raise additional financing required in order to develop its business, continue operations, and/or pursue prospective opportunities;
- the development and licensing of the Indiva Facility (as defined herein);
- future production in respect of expansion at the Indiva Facility;
- expectations regarding production costs;
- competitive conditions of the cannabis industry;

- the receipt of a Sales Amendment (as defined below) for Indiva Facility;
- changes in the regulatory environment, including the introduction of new provincial and federal regulatory regimes relating to recreational cannabis;
- the anticipated changes to Canadian federal laws regarding recreational cannabis and the impact of such changes on the Company;
- completion of the Bhang (as defined herein) and DeepCell (as defined herein) transaction and obtaining associated regulatory approvals;
- expansion into international markets;
- compliance with all applicable laws and regulations applicable to Indiva, both in Canada and internationally, including the CSA Notice (as defined herein); and
- compliance with TSXV policy, including the TSXV Bulletin (as defined herein).

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. A number of factors could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking statements in this Prospectus, including, but not limited to, the following material factors:

- failure to comply with the requirements of the Company's license to cultivate cannabis;
- failure to maintain the Company's license to cultivate cannabis;
- share price volatility;
- any adverse change or event impacting the Company's Indiva Facility;
- the failure to obtain required regulatory approvals or permits, including a Sales Amendment;
- delays in the delivery or installation of equipment by suppliers;
- difficulties in integrating new equipment with existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, and insufficient funding or other resource constraints;
- any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to the consumption of cannabis;
- a bankruptcy, liquidation or reorganization of any of Indiva's subsidiaries;
- any delays in transporting the Company's product, breach of security or loss of product;

- increased competition, including increased competition as a result of the legalization of recreational cannabis;
- amendments to laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis, health and safety, privacy, the conduct of operations and the protection of the environment;
- loss of key personnel;
- the failure of the Company to effectively manage growth;
- failure to comply with all applicable laws and regulations applicable to Indiva, both in Canada and internationally, including the CSA Notice; and
- failure to comply with TSXV policy, including the TSXV Bulletin.

With respect to the forward-looking statements contained herein, although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Consequently, all forward-looking statements made in this MD&A and other documents of the Company are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on the Company's behalf may issue. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation.

OVERVIEW

Indiva's Business

Indiva is a Canadian producer of medical cannabis servicing the medical market and preparing, subject to regulatory approval, to serve the new Canadian recreational cannabis markets. The Company is based in London, Ontario, Canada and its common shares (the "**Common Shares**") are listed on the TSXV under the symbol "NDVA". Indiva, through Amalco (as defined below) is the indirect parent of its wholly owned operating subsidiary, Indiva Inc. ("**Indiva LP**"). Indiva LP is a Licensed Producer, as such term is defined in the *Access to Cannabis for Medical Purposes Regulations* (the "**ACMPR**").

The Company's business, conducted through its wholly owned subsidiary Indiva LP, is the production of medical cannabis and cannabis-based products at its facility located in London, Ontario (the "**Indiva Facility**"). Indiva's business objective is to produce cannabis products, including dried flowers, oils and, if and when the law permits, edible products.

On July 14, 2017, Indiva LP received its cultivation license (the "**License**") at the London Facility and became a Licensed Producer of medical cannabis under the ACMPR. Cannabis production commenced at the London Facility on September 12, 2017.

The Indiva Facility is a production, processing and distribution facility. At the Indiva Facility, cannabis is produced in individually segregated and highly controlled grow rooms. Indiva's approach to production is to bring together modern agriculture technologies, genetic materials, and tested growing practices to produce cannabis in an environmentally sustainable manner.

The Indiva Facility is currently comprised of offices and approximately 8,000 square feet of cannabis production and processing space. Indiva has commenced planning and permitting for the expansion of the Indiva Facility to approximately 40,000 square feet, which would add approximately 21,000 square feet of cannabis production and processing space for a planned total cannabis production space of approximately 29,000 square feet. Management believes that the Indiva Facility has sufficient power and water to support its expanded production operations.

The expansion of the Indiva Facility is subject to regulatory approval by Health Canada. In order to amend its current License to cover the expanded area of the Indiva Facility, the Company will be required to complete construction of the expanded area prior to applying for the amendment to its License. Upon completion of construction, Indiva LP will apply to amend its License. The Company has allocated $13,750,000 to fund such construction (as described below). Subject to regulatory approval, Indiva's management believes construction of the expanded space will be completed, and the amended License will be obtained, in 2018.

Upon Indiva receiving from Health Canada an amendment to its License to sell medical cannabis (a "**Sales Amendment**"), Indiva, through Indiva LP, expects to commence selling its cannabis products to medical clients and, if and when permitted by law, to consumers in the recreational market. While Indiva does not currently have plans to sell medical cannabis to other Licensed Producers, it may do so in the future, depending on market demand, regulatory approvals, and other variables.

All of Indiva’s assets and operations are located in Canada.

No off balance sheet arrangements exist.

Indiva's management team includes individuals with experience in medical cannabis production, finance, corporate and business development, branding and advertising, regulatory and quality assurance and cannabis client care, sales and distribution.

SHARE CAPITAL

Indiva is authorized to issue an unlimited number of common shares. As at December 31, 2017, 60,946,413 common shares were issued and outstanding.

OVERVIEW OF OPERATIONS

During the year ended December 31, 2017, Indiva’s management finished the construction of Phase 1 of its London Facility, brand development and financing initiatives. In addition, Indiva LP obtained its License under Canada’s ACMPR from Health Canada on July 14, 2017 and commenced its first harvest as the first step towards obtaining a Sales Amendment. The Company intends to apply for its Sales Amendment upon successful completion of two harvests of cannabis and satisfaction of all other Health Canada requirements, including a mandatory inspection verifying that Indiva LP meets the requirements of the ACMPR relating to, but not limited to, Good Production Practices, packaging, labelling, shipping and record keeping.

Indiva LP completed its first two harvests during the first quarter of 2018 and subsequently applied for the Sales Amendment.

The Company expects to receive a Sales Amendment in the second quarter of 2018. The Company does not expect any material costs to be incurred in order to secure its Sales Amendment to the License, other than operating expenditures in the normal course.

Reverse Takeover and Concurrent Debt and Equity Financings

Indiva, formerly Rainmaker Resources Ltd. ("**Rainmaker**"), was incorporated on September 13, 1979, as "Thunder Sword Resources Inc." under the Laws of British Columbia. On November 20, 2009, the Company changed its name to Rainmaker Mining Corp., and on May 8, 2014 as part of the Company's rebranding, the Company again changed its name to Rainmaker Resources Ltd.

On December 15, 2017, the Company announced it had completed the acquisition of 100% of the issued and outstanding securities of Indiva Corporation ("**Indiva PrivateCo**") by way of a "three-cornered" statutory amalgamation of Indiva PrivateCo and a wholly-owned subsidiary of the Company in connection with a reverse takeover and change of business transaction on the TSXV (the "**RTO**"). The amalgamated entity, Indiva Amalco Ltd. ("**Amalco**"), wholly owns Indiva LP and Vieva Canada Limited. The effective date of the RTO was December 13, 2017.

On December 15, 2017, the Company announced that it had closed the RTO, pursuant to which the Company acquired 100% of the issued and outstanding securities of Indiva PrivateCo by way of a "three-cornered" statutory amalgamation in consideration for the issuance of 43,540,000 Common Shares to the shareholders of Indiva PrivateCo at an ascribed price of $0.75 per Common Share after giving effect to the Consolidation (as defined below), with a deemed value of $32,655,000.

Immediately prior to the closing of the RTO, the Company (i) completed a consolidation of its common shares (the "**Consolidation**") on the basis of 10.878 pre-Consolidation common shares to one (1) post-Consolidation Common Share, (ii) changed its name from "Rainmaker Resources Ltd." to "Indiva Limited", and (iii) continued under the *Business Corporations Act* (Ontario) in the Province of Ontario.

Prior to and in connection with the RTO, the Company completed the issuance of an aggregate of 16,073,085 subscription receipts (the "**Subscription Receipts**") at a price of $0.75 per Subscription Receipt in three tranches (on August 28, 2017, November 2, 2017 and December 6, 2017) for aggregate gross proceeds of $12,054,813.75 (the "**Subscription Receipt Offering**").

On completion of the RTO, the net proceeds of the Subscription Receipt Offering were released to the Company from escrow and each Subscription Receipt was exchanged, without any further action by the holder thereof and for no additional consideration, for one unit (a "**Subscription Receipt Unit**") of the Company. Each Subscription Receipt Unit consisted of one Common Share and one-half of one Common Share purchase warrant (each whole warrant, a "**Subscription Receipt Warrant**"). Each Subscription Receipt Warrant entitles the holder thereof to acquire one Common Share (a "**Subscription Receipt Warrant Share**") for an exercise price of $0.90 per Subscription Receipt Warrant Share until December 13, 2019.

Transaction costs of 7% of the gross proceeds of the Subscription Receipt Offering were paid in cash. In connection with the Subscription Receipt Offering, the Company issued 845,113 broker warrants (the "**Subscription Receipt Broker Warrants**"). Each Subscription Receipt Broker Warrant is exercisable into

one Common Share at an exercise price of $0.75 per Subscription Receipt Broker Warrant, expiring December 13, 2019.

The Subscription Receipt Offering was completed concurrently with the offering in tranches (the "**Convertible Debenture Financing**") of 10% senior convertible debentures ("**Convertible Debentures**") of Indiva PrivateCo at a price of $1,000 per Convertible Debenture for aggregate gross proceeds of $11,000,000. The Convertible Debentures mature on December 13, 2019 (the "**Maturity Date**"). The Convertible Debentures will bear interest at a rate of 10.0% per annum, commencing on December 13, 2017, and will be payable in cash semi-annually in arrears on June 30 and December 31 in each year.

The principal amount of the Convertible Debentures and, subject to the approval of the TSXV, any unpaid and accrued interest thereon, are convertible, at the option of the holder, into Common Shares at any time prior to the close of business on the last business day immediately preceding the Maturity Date at a conversion price equal to $0.75 per Common Share (the "**Conversion Price**"), subject to adjustment in certain events. The Company is permitted to force conversion of the Convertible Debentures if the 10-day volume weighted average trading price (the "**VWAP**") of the Common Shares is equal to or greater than $1.32 per Common Share, which is 175% of the Conversion Price, provided that a minimum of 100,000 Common Shares have traded in each day of such 10-day trading period.

Transaction costs of 7% of the gross proceeds of the convertible debentures were payable in cash. In connection with the Convertible Debenture Financing, the Company issued 1,024,000 broker warrants (the "**Convertible Debenture Financing Broker Warrants**"). Each Convertible Debenture Financing Broker Warrant is exercisable into one Common Share at an exercise price of $0.75 per Convertible Debenture Financing Broker Warrant, expiring December 13, 2019.

The purpose of both the Subscription Receipt Offering and Convertible Debenture Financing was to raise sufficient capital to allow the Company to continue its goal of expanding the London Facility and sustaining operations until such a time that its Sales Amendment is obtained.

Planned expansion at the Indiva Facility is fully funded from the proceeds of the Subscription Receipt Offering and the Convertible Debenture Offering. Upon completion of the RTO and Subscription Receipt Offering and Convertible Debenture Offering, the Company had $23,725,386 available to it, and allocated such amount as follows:

Available Funds	Original Amount	Adjusted Amount	Variance
Expansion of Indiva Facility	$10,550,000	$13,750,000[(2)]	$3,200,000
General, administrative and operating expenditures, net of anticipated revenues	$4,795,953	$4,795,953	-
General working capital[(1)]	$8,379,433	$5,179,433	($3,200,000)
Total	$23,725,386	$23,725,386	-

Notes

(1) Represents a variance of $7,173,026 from the disclosure provided in the Filing Statement (as defined herein). The variance is a result of additional funds raised in the second tranche of the Convertible Debenture Offering and the third tranche of the Subscription Receipt Offering.

(2) Represents an additional $3,200,000 allocated to the facility expansion for additional equipment purchases due to the decision to move to aeroponic tubs rather than growing in soil.

As described above, the Company has allocated $13,750,000 to fund expansion of the Indiva Facility. As at December 31, 2017, the Company had made expenditures of $102,483 on the London Facility expansion.

Indiva PrivateCo Offerings

In early 2017, Indiva PrivateCo completed non-brokered private placements that resulted in the issuance of 2,462 common shares of Indiva PrivateCo at a price of $1,280 per share (post-split equivalent to 9,848,000 Common Shares at $0.32 per Common Share) for gross proceeds of $3,151,360.

On June 15, 2017, Indiva PrivateCo completed a non-brokered private placement with one investor, issuing a $2,100,000 unsecured convertible debenture, with no coupon, which converted into Common Shares upon closing of the RTO at $0.75.

Supply Agreement with Swiss Cannabis Producer

On December 21, 2017, the Company announced that it entered into a strategic cooperation agreement (the "**Supply Agreement**") with Medropharm GmbH and Greenfields Health Care S.A. (together, the "**Licensors**") with respect to the exclusive supply by the Licensors of cannabis strains for cultivation and sale by Indiva in Canada.

Pursuant to the Supply Agreement, the Licensors have granted Indiva the exclusive Canadian rights to import, cultivate and sell three high-cannabidiol low-tetrahydrocannabinol strains of cannabis. In addition to the exclusive supply of cannabis genetics, the Licensor will also identify to Indiva the chemical composition and treatment uses of each strain supplied under the Supply Agreement and provide cultivation guidance from time to time.

Subject to receipt of an import license, Indiva, through Indiva LP, expects that the cannabis strains will begin to be supplied under the Supply Agreement by mid-2018. Indiva LP applied for an import license in the fourth quarter of 2017 and is currently awaiting approval from Health Canada of same. The Company does not expect any material costs to be incurred in order to obtain an import license, other than operating expenditures in the normal course.

Bought Deal Prospectus Offering

On February 13, 2018, the Company completed a "bought deal" short form prospectus offering (the "**Prospectus Offering**") of units ("**Units**") of the Company, which included the exercise of the over-allotment option (the "**Over-Allotment Option**") granted to the Underwriters (defined below) in full.

In connection with closing of the Prospectus Offering, 14,238,150 Units were sold at a price of $1.05 per Unit (the "**Issue Price**") for aggregate gross proceeds of $14,950,058. The Company incurred share issuance costs of $1,420,658 for net proceeds of $13,529,400. The Prospectus Offering was completed by a syndicate of underwriters including Eight Capital, as sole bookrunner and lead underwriter, and PI Financial Corp. (the "**Underwriters**"). Each Unit was comprised of one Common Share and one Common Share purchase warrant (a "**Warrant**"). Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of $1.30 until February 13, 2020. If the volume weighted average price of the Common Shares on the TSX Venture Exchange is equal to or greater than $2.10 for any 10 consecutive trading days, the Company may, upon providing written notice to the holders of Warrants within 10 days of the occurrence of such event, accelerate the expiry date of the Warrants to the date that is 30 days following the date of such written notice.

As consideration for their services, the Underwriters received a cash commission equal to 7% of the gross proceeds of the Prospectus Offering. As additional consideration, the Company issued a total of 996,670 compensation options to the Underwriters. Each compensation option is exercisable into one Unit at the Issue Price until February 13, 2020.

The allocation of the net proceeds of the Prospectus Offering, reflecting the Over-Allotment Option, is as follows:

Use of Proceeds	Amount
Proposed capacity expansion – second site	$4,000,000
Proposed intellectual property and genetics acquisitions	
• Genetics	$1,500,000
• Intellectual Property	$2,500,000
General working capital[(1)]	$5,513,703
Total	**$13,513,703**

Notes

(1) Represents a variance of $1,813,507 from the disclosure provided in the (final) short form prospectus of the Company dated February 8, 2018 in respect of the Prospectus Offering (the "**Prospectus**"). The variance is a result of the exercise of the Over-Allotment Option.

Bhang Corporation Joint Venture

On April 19, 2018, Indiva announced a joint venture with Bhang Corporation ("**Bhang**"), an award-winning licensor of cannabis and CBD edibles and concentrates. This agreement provides Indiva with exclusive rights to manufacture and sell Bhang products in Canada as well as the right to export those products internationally (the "**Bhang JV**"). As part of the Bhang JV, the Company has committed to investing US$5 million into cannabis processing equipment at the London Facility. The Company also intends to invest US$1 million into Bhang in exchange for a 4.9% equity interest on a fully-diluted basis of Bhang's common shares.

The transactions contemplated above with respect to Bhang remain subject to TSXV approval.

DeepCell Investment

On April 26, 2018, Indiva announced an exclusive license agreement with, and a USD $1.5 million investment into, DeepCell Industries ("DeepCell"), a Seattle-based technology development company focusing on material science, microfluidics and cannabinoid molecule discoveries. Pursuant to the license agreement, INDIVA acquired exclusive rights in Canada to manufacture and sell DeepCell's complete line of products.

INDIVA will acquire approximately 15% of DeepCell stock for an investment of USD $1.5 million.

The transactions contemplated above with respect to DeepCell remain subject to TSXV approval.

2016

In 2016, Indiva PrivateCo's management focused on construction, brand development and financing activities. By the end of December, 2016, approximately 50% of the Phase 1 retrofit of the London Facility had been completed. Regarding the brand development, in 2016 Indiva PrivateCo settled on a brand name, logo, primary and secondary product package designs and commenced developing its corporate website.

Indiva PrivateCo launched a non-brokered private placement financing in late 2015, holding "rolling" closings, which continued throughout 2016. By December 31, 2016, Indiva PrivateCo had raised $3,484,160 and issued 2,722 common shares (pre-stock split) at a price of $1,280 per share (pre-stock split) .

On November 29, 2016, Indiva PrivateCo completed a private placement for gross proceeds of $768,000 from the sale of a secured debenture with a 12% coupon (the "**MIL Debenture"**). The MIL Debenture was convertible into common shares of Indiva PrivateCo at a rate of $1,280 per share (pre-stock split) at any time and matured December 31, 2017. The coupon was payable on a monthly basis, however the holder of the MIL Debenture could elect to receive the equivalent value in shares at a rate of $1,280 per share (pre-stock split) rather than in cash. 100% of the MIL Debenture was converted to Common Shares of the Company at a ratio of 4,000 Common Shares to 1 Indiva PrivateCo common share (4,000:1) ratio concurrent with closing of the RTO financing in December 2017.

INDUSTRY TRENDS

Summary of the ACMPR

The ACMPR replaced the *Marihuana for Medical Purposes Regulations* (the "**MMPR**") as the governing regulations in respect of the production, sale and distribution of medical cannabis and related oil extracts. The replacement regulations were implemented as a result of the ruling by the Federal Court of Canada in the case of *Allard v Canada* which found the MMPR unconstitutional in violation of the plaintiffs' rights under Section 7 of the *Canadian Charter of Rights and Freedoms* due to the restrictions placed on a patient's ability to reasonably access medical cannabis.

The ACMPR effectively combines the regulations and requirements of the MMPR, the *Marihuana Medical Access Regulations* and the section 56 exemptions relating to cannabis oil under the *Controlled Drugs and Substances Act* into one set of regulations. In addition, among other things, the ACMPR sets out the process patients are required to follow to obtain authorization from Health Canada to grow cannabis and to acquire seeds or plants from Licensed Producers to grow their own cannabis. Under the ACMPR, patients have three options for obtaining cannabis:

a) they can continue to access quality-controlled cannabis by registering with Licensed Producers;
b) they can register with Health Canada to produce a limited amount of cannabis for their own medical purposes; or
c) they can designate someone else to produce it for them.

With respect to (b) and (c), starting materials, such as plants or seeds, must be obtained from Licensed Producers.

Reporting Obligations under ACMPR

The ACMPR imposes certain reporting requirements on Licensed Producers such as Indiva LP, including the requirement to keep records regarding, among other things, activities with cannabis, including all transactions (sale, exportation and importation), all fresh or dried cannabis or cannabis oils returned from patients, and an inventory of cannabis. Records, including communications regarding reports for healthcare licensing authorities (both sent and received) must be kept for at least two years in an easily auditable format and be made available to Health Canada upon request.

If there are any serious adverse reactions to fresh or dried cannabis or cannabis oil, Licensed Producers must also provide a case report to Health Canada within 15 days of a Licensed Producer becoming aware of such reaction. Licensed Producers are also required to prepare, on an annual basis, and maintain a summary report that contains a concise and critical analysis of all adverse reactions to have occurred during the previous 12 months, and such serious adverse reactions reports must be retained by the Licensed Producer for 25 years after the day on which they were made.

Recent Regulatory Developments in Canada

On December 13, 2016, the Task Force on Cannabis Legalization and Regulation (the "**Task Force**"), which was established by the Canadian Federal Government to seek input on the design of a new system to legalize, strictly regulate and restrict access to cannabis, published its report outlining its recommendations. On April 13, 2017, the Canadian Federal Government released Bill C-45, *An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts* (the "**Cannabis Act**"), which proposes to regulate the production, distribution and sale of cannabis for unqualified adult use. On November 27, 2017, the House of Commons passed the Cannabis Act, and on December 20, 2017, the Prime Minister communicated that the Canadian Federal Government intends to legalize cannabis in the summer of 2018, despite previous reports of a July 1, 2018 deadline. The impact of such regulatory changes on the Company's business is unknown, and the proposed regulatory changes may not be implemented at all. See "*Risk Factors – Changes in Laws, Regulations and Guidelines*".

On September 8, 2017, the Ontario government announced its proposed retail and distribution model of legalized recreational cannabis to be modelled on the current Liquor Control Board of Ontario ("**LCBO**") framework. On December 12, 2017, the Ontario government passed the *Cannabis Act, 2017* (Ontario), which will regulate the lawful use, sale and distribution of recreational cannabis by the federal government's summer 2018 legalization deadline.

The *Cannabis Act, 2017* (Ontario) will, among other matters:

- create a new provincial retailer, overseen by the LCBO, to manage the distribution of recreational cannabis through stand-alone stores and an LCBO-controlled online order and distribution service, which together, will comprise the only channels through which consumers will be able to legally purchase recreational cannabis;
- set a minimum age of 19 to use, buy, possess and cultivate cannabis in Ontario; and
- ban the use of cannabis in public places, workplaces and motor vehicles, as is the case with alcohol.

Other details of Ontario's approach will be set out in regulations to the *Cannabis Act, 2017* (Ontario) developed over winter 2018 for public comment.

The governments of Manitoba, Alberta, New Brunswick, Québec and British Columbia have also announced partial regulatory regimes for the distribution and sale of cannabis for recreational purposes in those provinces.

On November 21, 2017, Health Canada released a consultation paper entitled "Proposed Approach to the Regulation of Cannabis" (the "**Proposed Regulations**"). Recognizing the federal government's commitment to bringing the Cannabis Act into force no later than the summer of 2018, the Proposed Regulations, among other things, seek to solicit public input and views on the appropriate regulatory approach to a recreational cannabis market by building upon established regulatory requirements that are currently in place for medical cannabis.

Interested stakeholders have been invited to share their views on the Proposed Regulations until January 20, 2018. At the end of this 60-day consultation period, Health Canada is expected to publish a summary of the comments received as well as a detailed outline of any changes to the regulatory proposal.

The Proposed Regulations are divided into the following seven major categories:

1. Licenses, Permits and Authorizations;
2. Security Clearances;
3. Cannabis Tracking System;
4. Cannabis Products;
5. Packaging and Labelling;
6. Cannabis for Medical Purposes; and
7. Health Products and Cosmetics Containing Cannabis.

Licenses, Permits and Authorizations

The Proposed Regulations would establish different types of authorizations based on the activity being undertaken and, in some cases, the scale of the activity. Rules and requirements for different categories of authorized activities are intended to be proportional to the public health and safety risks posed by each category of activity. The types of proposed authorizations include: (i) cultivation; (ii) processing; (iii) sale to the public for medical purposes and non- medical purposes in provinces and territories that have not enacted a retail framework; (iv) analytical testing; (v) import/export; and (vi) research.

Cultivation licenses would allow for both large-scale and small-scale (i.e. micro) growing of cannabis, subject to a stipulated threshold. Industrial hemp and nursery licenses would also be issued as a subset of cultivation licenses. Health Canada is considering a number of options for establishing and defining a "micro-cultivator" threshold, such as plant count, size of growing area, total production, or gross revenue. Part of the stated purpose of the Proposed Regulations is to solicit feedback from interested stakeholders regarding the most appropriate basis for determining what such threshold should be.

The Proposed Regulations provide that all licenses issued under the Cannabis Act would be valid for a period of no more than five years and that no licensed activity could be conducted in a dwelling-house. The Proposed Regulations would also permit both outdoor and indoor cultivation of cannabis. The implications of the proposal to allow outdoor cultivation are not yet known, but such a development could

be significant as it may reduce start-up capital required for new entrants in the cannabis industry. It may also ultimately lower prices as capital expenditure requirements related to growing outside are typically much lower than those associated with indoor growing.

Security Clearances

It is proposed that select personnel (including individuals occupying a "key position", directors, officers, large shareholders and individuals identified by the Minister of Health) associated with certain licenses issued under the Cannabis Act would be obliged to hold a valid security clearance issued by the Minister of Health. The Proposed Regulations would enable the Minister of Health to refuse to grant security clearances to individuals with associations to organized crime or with past convictions for, or an association with, drug trafficking, corruption or violent offences. This is the approach in place today under the ACMPR and other related regulations governing the licensed production of cannabis for medical purposes.

Health Canada acknowledges in the Proposed Regulations that there are individuals who may have histories of non- violent, lower-risk criminal activity (for example, simple possession of cannabis, or small-scale cultivation of cannabis plants) who may seek to obtain a security clearance so they can participate in the legal cannabis industry. Under the new set of rules, the Minister of Health would be authorized to grant security clearances to any individual on a case-by-case basis. Part of the purpose of the Proposed Regulations is to solicit feedback from interested parties on the degree to which such individuals should be permitted to participate in the legal cannabis industry.

Cannabis Tracking System

As currently proposed under the Cannabis Act, the Minister of Health would be authorized to establish and maintain a national cannabis tracking system. The purpose of this system would be to track cannabis throughout the supply chain to help prevent diversion of cannabis into, and out of, the legal market. The Proposed Regulations would provide the Minister of Health with the authority to make a ministerial order that would require certain persons named in such order to report specific information about their authorized activities with cannabis, in the form and manner specified by the Minister.

Cannabis Products

The Proposed Regulations would permit the sale to the public of dried cannabis, cannabis oil, fresh cannabis, cannabis plants, and cannabis seeds. It is proposed that the sale of edible cannabis products and concentrates (such as hashish, wax and vaping products) would only be permitted within one year following the coming into force of the Cannabis Act.

The Proposed Regulations acknowledge that a range of product forms should be enabled to help the legal industry displace the illegal market. Additional product forms that are mentioned under the Proposed Regulations include "pre-rolled" cannabis and vaporization cartridges manufactured with dried cannabis. Specific details related to these new products are to be set out in a subsequent regulatory proposal.

Packaging and Labelling

The Proposed Regulations would set out requirements pertaining to the packaging and labelling of cannabis products. Such requirements would promote informed consumer choice and allow for the safe handling and transportation of cannabis. Consistent with the requirements under the ACMPR, the

Proposed Regulations would require all cannabis products to be packaged in a manner that is tamper-evident and child-resistant.

While minor allowances for branding would be permitted, Health Canada is proposing strict limits on the use of colours, graphics, and other special characteristics of packaging, and products would be required to be labelled with specific information about the product, contain mandatory health warnings similar to tobacco products, and be marked with a clearly recognizable standardized cannabis symbol.

Cannabis for Medical Purposes

The proposed medical access regulatory framework would remain substantively the same as currently exists under the ACMPR, with proposed adjustments to create consistency with rules for non-medical use, improve patient access, and reduce the risk of abuse within the medical access system.

Health Products and Cosmetics Containing Cannabis

Health Canada is proposing a scientific, evidenced-based approach for the oversight of health products with cannabis that are approved with health claims, including prescription and non-prescription drugs, natural health products, veterinary drugs and veterinary health products, and medical devices. Under the Proposed Regulations, the use of cannabis-derived ingredients (other than certain hemp seed derivatives containing no more than 10 parts per million THC) in cosmetics, which is currently prohibited, is proposed to be permitted and subject to provisions of the *Cannabis Act* (Canada).

On November 27, 2017, the House of Commons passed Bill C-45, and on December 20, 2017, the Prime Minister communicated that the Federal Government intends to legalize cannabis in the summer of 2018, despite previous reports of a July 1, 2018 deadline.

On February 6, 2018, Public Safety Minister, Ralph Goodale, announced that, while Bill C-45 was still on schedule to receive royal assent in July 2018, implementation of various aspects of the regime, including preparing markets for retail sales, could take another eight to twelve weeks from such date. The impact of such regulatory changes on Indiva's business is unknown, and the proposed regulatory changes may not be implemented at all.

CORPORATE POSITION ON CONDUCTING BUSINESS IN THE UNITED STATES AND OTHER INTERNATIONAL JURISDICTIONS WHERE CANNABIS IS FEDERALLY-ILLEGAL

Indiva does not engage in any U.S. marijuana-related activities as defined in the CSA Notice. While the Company has, subject to TSXV approval, partnered with U.S.-based companies, these entities are not engaged in the cultivation, possession, or distribution of marijuana. Instead, the Company has partnered with U.S.-based companies which develop and license intellectual property and copyright branding to the cannabis market, and do not engage in 'plant-touching' activities.

Indiva will only conduct business activities related to growing or processing cannabis, in jurisdictions where it is federally legal to do so. Indiva believes that conducting activities which are federally-illegal, or investing in companies which do, puts the company at risk of prosecution, puts at risk its ability to operate freely, and potentially could jeopardize its listing on major exchanges now and in the future, limiting access to capital from large and reputable global funds.

Recent Regulatory Developments in United States

Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the ACMPR, in the United States, cannabis is largely regulated at the state level. To the Company's knowledge, there are to date a total of 37 states, plus the District of Columbia, Puerto Rico and Guam that have legalized cannabis in some form. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a Schedule I controlled substance under the *Controlled Substances Act* and as such, violates federal law in the United States. As a result of the conflicting views between state legislatures and the United States federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation.

The response to this inconsistency was addressed in August 2013 when then Deputy Attorney General, James Cole, authored a memorandum (the ''**Cole Memorandum**'') addressed to all United States district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several US states have enacted laws relating to cannabis for medical purposes. The Cole Memorandum outlined certain priorities for the Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice never provided specific guidelines for what regulatory and enforcement systems it deemed sufficient under the Cole Memorandum standard.

In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority. In March 2017, newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit, however, he disagreed that it had been implemented effectively and, on January 4, 2018, Attorney General Jeff Sessions issued a memorandum (the "**Sessions Memo**") that rescinded the Cole Memorandum. The Sessions Memo rescinded previous nationwide guidance specific to the prosecutorial authority of United States Attorneys relative to cannabis enforcement on the basis that they are unnecessary, given the well-established principles governing federal prosecution that already in place. Those principals are included in chapter 9.27.000 of the U.S. Attorneys' Manual and 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 on the community.

The result of the rescission of the Cole Memorandum is that federal prosecutors will now be free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions; however, discretion is still given to the federal prosecutor to weigh all relevant considerations of the crime, including the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community. No direction was given to federal prosecutors as to the priority they should ascribe to such activities, and resultantly it is uncertain how active federal prosecutors will be in relation to such activities.

For the reasons set forth above, the Company's proposed investments in the United States 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 turn lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction.

TSXV Policy Regarding Business Activities Related to Marijuana In the United States

On October 16, 2017, the TSXV released a bulletin entitled "*Business Activities Related to Marijuana in the United States*" (the "**TSXV Bulletin**"). Pursuant to the TSXV Bulletin, the TSXV indicated that it considers marijuana-related activities in the United States to be a violation of TSXV policy due to the U.S. federal prohibition on marijuana. Specifically, issuers with ongoing business activities that violate U.S. federal law regarding cannabis are not in compliance with the TSXV's Listing Requirements (the "**Requirements**"). These business activities may include (i) direct or indirect ownership of, or investment in, entities engaging in activities related to the cultivation, distribution or possession of cannabis in the U.S., (ii) commercial interests or arrangements with such entities, (iii) providing services or products specifically targeted to such entities, or (iv) commercial interests or arrangements with entities engaging in providing services or products to U.S. cannabis companies. The TSX reminded issuers that, among other things, should the TSX find that a listed issuer is engaging in activities contrary to the Requirements, the TSX has the discretion to initiate a delisting review.

For the reasons set forth above, while the Company has partnered with U.S.-based companies which develop and license intellectual property and copyright branding to the cannabis market, and do not engage in 'plant-touching' activities, it is possible that the Company's proposed investments in the United States may become the subject of heightened scrutiny by the TSXV. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction.

SELECTED FINANCIAL INFORMATION

ANNUAL FINANCIAL DATA

	Year ended December 31,		
(in thousands of $, except per share figures)	**2017**	**2016**	**2015**
Revenue	nil	nil	nil
Total loss from continuing operations	($3,030.1)	($1,173.1)	($164.4)
Loss from continuing operations per share	($0.08)	($0.05)	($0.02)
Loss from continuing operations per share (Diluted)	($0.08)	($0.05)	($0.02)
Total loss	($4,552.2)	($1,173.1)	($164.4)
Loss from continuing operations per share	($0.12)	($0.05)	($0.02)
Loss from continuing operations per share (Diluted)	($0.12)	($0.05)	($0.02)

(in thousands of $, except per share figures)	Year ended December 31, 2017	2016	2015
Total assets	$27,548.6	$4,288.8	$241.7
Total non-current financial liabilities	$8,092.9	nil	nil
Distributions	nil	nil	nil

RESULTS OF OPERATIONS

Summary of Cash Flows for the years ended December 31 ,2017, December 31, 2016 and December 31, 2015

(in thousands of $)	2017	2016	2015
Cash Flows provided by (used in) operating activities	($2,210.3)	($1,191.7)	($126.7)
Cash Flows used in investing Activities	($3,204.1)	($2,527.4)	($144.9)
Cash Flows Provided by financing Activities	$26,448.3	$3,943.6	$317.1
Cash, End of Period	$21,304.0	$269.9	$45.5

Summary of Q4 Results

	Q4 2017	Q4 2016
	$	$
Expenses		
Salaries	**381,306**	166,253
Consulting fees	**64,638**	43,766
Marketing and branding	**81,278**	60,758
Rent	**87,735**	51,185
Stock-based compensation	**220,179**	**-**
Interest and bank charges, net	**133,098**	7,633
Repairs and maintenance	**1,679**	1,161
Professional fees	**86,548**	11,001
Pre-production supplies and expenses	**35,879**	-
Utilities	**29,943**	6,725
Travel	**26,399**	6,862
Insurance	**6,349**	2,842
Telecommunications and IT	**15,196**	1,946
Office Costs	**6,946**	2,171
Facility Costs	**7,989**	-
Agent Fees	**11,964**	-
Meals and entertainment	**3,427**	1,336
Foreign exchange loss	**-**	12,865
Miscellaneous	**2,325**	739
Amortization	**86,974**	8,992
Loss on Disposal of Equipment	**435**	-
Total expenses	**1,290,287**	386,235
Transaction costs on reverse takeover	**1,407,815**	-
Net loss before taxes	**(2,698,102)**	(386,235)
Deferred tax recovery	**(47,959)**	-
Net loss	**(2,650,143)**	(386,235)
Loss on revaluation of investments	**(5,000)**	-
Total comprehensive loss	**(2,655,143)**	(386,235)

The completion of the RTO resulted in additional expenditures in Q4 2017 compared to Q4 2016, this was demonstrated by the increase in transaction costs of $1,407,815.

Salaries for Q4 2017 as compared to Q4 2016 increased by $215,053 as a result of additional hires as the business grows, as well as bonuses paid to key executives. Similarly, stock-based compensation of $220,179 was recorded in Q4 2017 while no stock-based compensation plan existed in the comparable quarter in 2016.

Q4 2017 saw significant increases in pre-production supplies and expenses and utilities relative to Q4 2016, increases of $35,879 and $23,218 respectively. These higher costs are a result of production beginning at the facility subsequent to the Company's receipt of its License from Health Canada under the ACMPR regulations.

The combination of the above factors represents 84% of the year over year increase in expenses for Q4 2017 as compared to Q4 2016 with the remainder largely resulting from the increased scale of the business and change from construction of the facility to cultivation of medical marijuana.

SUMMARY OF QUARTERLY RESULTS

The following tables sets out selected quarterly information for the last 8 completed fiscal quarters of the Company (in thousands of $):

	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Net sales/revenue	nil	nil	nil	nil	nil	nil	nil	nil
Comprehensive net income (loss)	(2,655.2)	(640.7)	(802.3)	(459.0)	(386.2)	(305.6)	(298.8)	(182.5)
Basic and diluted loss per share	(0.07)	(0.02)	(0.02)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)

In Q1 and Q2 of 2017, the Company was primarily engaged in the construction and set up of the production facility resulting in capital expenditure. Q2 saw an increase in comprehensive net loss caused by transaction costs of $162,252 on issuance of a convertible debenture. In Q3, the Company was granted its Health Canada license and began preliminary production while staffing levels remained relatively consistent with prior quarters. In Q4, staffing levels increased significantly, and bonuses were paid to key executive staff resulting in an increase in payroll of $242,733 from Q3. Transaction costs of $1,407,815 related to the Company's reverse takeover transaction also contributed significantly to the increase in comprehensive loss in Q4 relative to prior quarters and is not a recurring cost.

LIQUIDITY

The table below sets out the cash, short-term debt and working capital at December 31, 2017.

(in thousands of $)	As at December 31, 2017
Cash	$21,303.9
Account Payables and Accrued Liabilities	$353.3
Working capital	$21,725.0

Management notes the working capital surplus is sufficient for plans to complete construction at the London Facility as well as to meet all expected operating costs for the next fiscal year.

DISCUSSION OF SELECTED FINANCIAL INFORMATION

Revenue

The Company did not have any revenue for the years ended December 31, 2017 and December 31, 2016. During this period the Company continued to construct the London Facility and continued to work towards obtaining its License under the ACMPR from Health Canada.

Profit or Loss

Loss from continuing operations for the year ended December 31, 2017 expanded to $3,030,092 or $0.08 per share on a basic and fully diluted basis versus a loss of $1,173,087 or $0.05 per share on a basic and fully diluted basis for the year ended December 31, 2016 as a result of higher operating expenses with no realized revenue. Higher operating expenses reflect higher payroll expense, higher consulting fees and higher professional fees as the Company expanded its workforce to complete construction of the London Facility and advance its ACMPR license application with Health Canada. Rental costs also increased as the Company expanded the amount of square footage under lease at the London Facility. Marketing and branding costs increased as the Company prepared marketing materials, increased efforts to improve website design and increased efforts to improve design of its brand.

The Company also incurred transaction costs of $1,570,067, the majority of which relate to the Reverse Takeover.

Total Assets

Total assets increased to $27,548,595 as at December 31, 2017 from $4,288,838 as at December 31, 2016 primarily as a result of significant cash raised through equity and debt financing as well as increased capital expenditure at the London Facility. Capital expenditures related primarily to leasehold improvements as required by the Company to complete construction of the London Facility in pursuit of its License. The Company has invested $1,337,940 to complete the first phase of the facility and has incurred $102,483 towards the phase two expansion. Additionally, the Company invested $640,846 in equipment for use in the cultivation process during the year ended December 31, 2017.

Distributions or Cash Dividends

No distributions or dividends were made in the years ended December 31, 2017 and December 31, 2016.

Costs

The Company did not have any recorded cost of goods sold for the year ended December 31, 2017 as it only received its License early in Q3 2017 and commenced its first harvest late in the same quarter. With no ability to sell harvests until the Company receives its Sales Amendment, no costs of production have been classified as cost of goods sold. As at June 30, 2017, the Company had reached 100% completion of the planned retrofit of some 10,000 square feet at its London facility. The Company notified Health Canada in May 2017 of its readiness for physical inspection of the production facility with the goal of receiving its License. The Company received its License under the ACMPR on July 14, 2017.

Remaining total costs for Phase 2 and 3 of construction at the London Facility are estimated to be

approximately $13,750,000 which will add another approximately 29,000 square feet to the production facility.

Cash

As at December 31, 2017, the Company had cash available of $21,303,886.

As at December 31, 2017 the Company had Convertible Debentures outstanding in the amount of $8,092,903. The Convertible Debentures are unsecured and the Company has adequate capital to satisfy all obligated coupon payments and principal repayment.

The Company expects to have sufficient cash for the fiscal 2018 year to fund its working capital and capital expenditures.

Cash from Operating Activities

The Company consumed $2,210,268 (2016 - $1,191,724) in operating activities during the year primarily due to operating expenses exceeding revenues (which were nil) offset by changes in working capital.

Cash from Investing Activities

The Company consumed $3,204,054 (2016 - $2,527,420) in investing activities during the year primarily as a result of construction activities and leasehold improvements at its London facility, the purchase of equipment to be used in the cultivation process as well as transaction costs relating to the reverse acquisition of Rainmaker.

Cash from Financing Activities

The Company received $26,448,298 (2016 – $3,943,580) from financing activities during the year primarily as a result of equity issuances in the amount of $14,395,023 and the issuance of convertible debentures in the amount of $12,104,108. These were offset by interest paid on the Convertible Debenture of $50,833.

The Company is reliant on cash flow from financing activities to complete construction of its London Facility, to obtain its Sales Amendment and begin sales activities. In addition, the Company is reliant on certain key employees in order to achieve necessary licensing and complete cultivation activities successfully. The Company estimates that as at December 31, 2017, it will not require further financing to fully complete construction at its London Facility and expects no material costs remain to achieve the Sales Amendment.

LIQUIDITY AND CAPITAL RESOURCES

To date and for the foreseeable future, the Company expects to finance its operations through cash received from financing activities including the issuance of Common Shares until the point at which its operations are profitable and self-funding. The Company periodically evaluates the opportunity to raise additional funds through either the public or private placement of equity and/or debt capital to strengthen its financial position and to provide sufficient cash reserves for growth and development of the business. The Company's subsidiaries do not have any legal or practical restrictions on their ability to

transfer funds to the Company. The Company is not in default or arrears, or at risk of such, on its lease payments or interest payments on debt.

As at December 31, 2017, the Company did not have any commitments for capital expenditures. Subsequent to year end a construction management contract was signed for the remaining construction at the London Facility for phase 2 and 3 of construction.

As at the date of this MD&A, the Company has sufficient working capital to fund its planned expansion of the London Facility over the next 12 months as well as fund its general operations, including interest payable on the Convertible Debentures, beyond that same period.

Management believes that once Health Canada approves its Sales Amendment, sales will further fund the capital resources of the Company and provide further liquidity.

Subsequent to year end, the Company completed the Prospectus Offering, selling a total of 14,238,150 Units at a price of $1.05 for total gross proceeds of $14,950,058 (net proceeds - $13,529,400), these funds will allow the Company to sustain continued growth as well as to meet all capital expenditure and operating expenses.

CONTRACTUAL OBLIGATIONS

	Payments Due by Period				
	< 1 Year	**1-3 Years**	**4-5 Years**	**> 5 Years**	**Total**
	$	$	$	$	$
Operating Leases	358,702	732,350	781,796	1,951,469	3,824,317
Purchase Obligations	-	-	-	-	-
Other Obligations	471,151	12,080	4,800	-	488,031
Total Contractual Obligations	**829,853**	**744,430**	**786,596**	**1,951,469**	**4,312,348**

Subsequent to year end, the Company entered commitments totaling $1,177,160. These commitments are comprised of an HVAC equipment purchase of $905,779, further construction at the production facility of $187,565, and consulting fees of $6,700 all with terms of less than one year. The Company also entered into an additional two year lease for office space with commitments of $35,345 in year 1 and $41,771 in year 2.

SHARE CAPITAL

As at April 30, 2018, the Company had the following securities outstanding:

	Securities		**# of common shares convertible into**
	#	$	#
Common shares	80,991,228		NA
Options	4,333,315		4,333,315
Warrants	12,095,264		12,141,093
Convertible debentures		6,650,000	8,866,666

TRANSACTIONS WITH RELATED PARTIES

The Company transacts with related parties in the normal course of business. These transactions are measured at their exchange amounts.

On November 29, 2016, the Company entered into an agreement to issue the MIL Debenture to a company controlled by a family member of the CEO. The MIL Debenture was fully converted into Common Shares of the Company upon completion of the RTO in accordance with its terms on December 13, 2017.

During the year, the Company incurred $19,609 for legal services to a law firm owned by an executive of the Company (2016 - $169)

The Company had no other transactions with related parties for the year ended December 31, 2017.

RISKS AND UNCERTAINTIES

The Company's overall performance and results of operations are subject to a number of risks and uncertainties. Reference is made to the disclosure set out under the heading "Risk Factors" in the Filing Statement of Rainmaker Resources Ltd. dated as of November 29, 2017 (the "**Filing Statement**") as well as the Prospectus.

Failure to Obtain Sales License

The current License does not permit Indiva LP to sell medical cannabis. As a recent licensee, the License only permits Indiva LP to cultivate cannabis. Indiva LP will be required to apply to Health Canada to amend the License to allow for the sale of cannabis products to the public. Indiva LP will be required to demonstrate compliance with the quality control standards and the *Good Production Practices* as established under Subdivision D of the ACMPR. Indiva LP's ability to obtain an amendment to its License is dependent on satisfying Health Canada that it has complied with Subdivision D of the ACMPR and all other regulatory requirements. Although Indiva believes it will meet all regulatory requirements to obtain a Sales Amendment to sell cannabis to the public, there can be no guarantee that Health Canada will amend the License to allow for the sale of cannabis products to the public. Should Health Canada not amend the License to allow for sale to the public, the business, financial condition and results of the operation of the Company would be materially and adversely affected.

Reliance on the License

The continuation of Indiva's business cultivating medical cannabis is dependent on the good standing of its License. Indiva's ability to in Canada is dependent on maintaining its License in good standing with Health Canada. Failure to comply with the requirements of the License or any failure to maintain the License would have a material adverse impact on the business, financial condition and operating results of the Resulting Issuer. Although Indiva believes it will meet the requirements of the ACMPR for future extensions or renewal of the License, there can be no guarantee that Health Canada will extend or renew the License or that, if extended or renewed, the License will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License or should it renew the License on different terms, the business, financial condition and results of the operation of the Resulting Issuer would be materially and adversely affected.

Expansion of London Facility

The ongoing expansion of the London Facility is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond Indiva's control. These uncertainties include the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by suppliers, difficulties in integrating new equipment with existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, and insufficient funding or other resource constraints. Additionally, sufficient power will be required to expand the London Facility, which the Company may not be able to secure, or secure at economically viable rates. The actual cost of construction may exceed the amount budgeted for expansion. As the result of potential construction delays, cost overruns, changes in market circumstances or other factors, Indiva may not be able to achieve the intended economic benefits from the expansion of operations at existing facilities, which in turn may affect Indiva's business, prospects, financial condition and results of operations. In particular, any expansion of the London Facility is subject to Health Canada regulatory approvals. The delay or denial of such approvals may have a material adverse impact on the business of Indiva and may result in Indiva not meeting anticipated or future demand when it arises.

Reliance on the London Facility

Indiva has a single facility which is licensed to produce medical cannabis under the ACMPR, the London Facility. Indiva's operations and the conditions of the London Facility are, and will be, subject to hazards inherent in the medical cannabis industry, including equipment defects, equipment malfunctions, natural disasters, fire, explosions, or other accidents that may cause damage to the London Facility. Any adverse change or event affecting the London Facility may have a material and adverse effect on the Indiva's business, results of operations and financial condition.

Volatile Market Price of the Common Shares

The market price of the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. This volatility may affect the ability of holders of Common Shares to sell their securities at an advantageous price. Market price fluctuations in the Common Shares may be due to the Company's operating results failing to meet expectations of securities analysts or investors in any period, downward revision in securities analysts' estimates, adverse changes in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by Indiva or its competitors, along with a variety of additional factors. These broad market fluctuations may adversely affect the market price of the Common Shares. Financial markets historically at times 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 may 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 impacted and the trading price of the Common Shares may be materially adversely affected.

Regulatory Risks

The Company operates in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may occur and the Company and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements.

The Company's ability to grow, store and sell medical cannabis in Canada is dependent maintaining the Cultivation License in good standing, obtaining Health Canada's approval to amend the License pursuant to the ACMPR to allow sale to the public and maintaining the amended License (if obtained) in good standing. Failure to: (i) comply with the requirements of the License; (ii) maintain this License; and (iii) obtain an amendment of the License to allow for sale of cannabis to the public would have a material adverse impact on the business, financial condition and operating results 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 of our 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 may 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 industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the Company's control and which cannot be predicted, including changes to government regulations. Changes in government levies and taxes could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic. The medical cannabis industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Indiva LP is a Licensed Producer under the ACMPR. If and when the License is amended to allow for sale to the public, the Company's business will continue to be subject to the ACMPR regime. In addition to being subject to general business risks and to risks inherent in the nature of an early stage business with an agricultural product in a regulated industry, the Company will need to continue to build brand awareness through significant investment in strategy, production capacity and quality assurance. The Company's brand and products may not be effectively promoted as intended. The medical cannabis industry is marked by competitive conditions, consumer tastes, patient requirements and unique circumstances, and spending patterns that differ from existing markets.

Changes in Laws, Regulations and Guidelines

The Company's operations are subject not only to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of medical cannabis, but also to regulations relating to health and safety, privacy, the conduct of operations and the protection of the environment in the jurisdictions in which they operate. Changes to such laws, regulations and guidelines, including changes related to government taxes and levies, may materially and adversely affect the Company's businesses, financial conditions and results of operations.

Legalization of Recreational Cannabis

The Government of Canada has provided guidance that, subject to Parliamentary approval and Royal Assent, it intends to provide regulated and restricted access to cannabis pursuant to the Cannabis Act by no later than July 2018, however there remains no assurance that the legalization of cannabis by the Government of Canada will occur as anticipated. In particular, on December 20, 2017 the Prime Minister of Canada communicated that the Government of Canada intends to legalize cannabis for recreational purposes in the summer of 2018, despite previous reports of a July 1, 2018 deadline. Most recently, on March 22, 2018 the Canadian Senate voted in favor of passing the Cannabis Act.

Proposed regulations introduced by Health Canada in respect of the Cannabis Act includes proposals relating to cannabis for medical purposes and health products containing cannabis. Such proposals, if implemented, could result in changes to the current regulatory regime under the ACMPR, which may impact the operations of Licensed Producers or affect the Canadian medical cannabis industry generally. Any such regulatory changes could adversely affect the Company's business, financial condition and results of operations.

In addition, if the Cannabis Act comes into effect, there is no guarantee that provincial legislation regulating the distribution and sale of cannabis for recreational purposes will be enacted according to the terms announced by such provinces, or at all, or that any such legislation, if enacted, will create the opportunities for growth anticipated by the Company. For example, the Provinces of Ontario (Canada's most populous province), Québec and New Brunswick have announced sales and distribution models that would create government-controlled monopolies over the legal retail and distribution of cannabis for recreational purposes in such provinces, which could limit the Company's opportunities in those provinces.

There can be no assurance that the Cannabis Act will be passed into law, or passed into law substantially in the form in which it was introduced. Further, even if the Cannabis Act is passed into law, the importation, exportation, production, testing, packaging, labelling, sending, delivery, transportation, sale, possession or disposal of cannabis or any class of cannabis will remain subject to extensive regulatory oversight. Such extensive controls and regulations may significantly affect the financial condition of market participants, and prevent the realization of such market participants of any benefits from an expanded market for recreational cannabis products.

Further, several provisions of the Cannabis Act could materially and adversely affect the business, financial condition and results of operations of the Company. These provisions include, but are not limited to, permitting home cultivation, potentially easing barriers to entry into a Canadian recreational cannabis market, and restrictions on advertising and branding. The implementation of such provisions in the Cannabis Act could adversely affect the business, financial condition and results of operations of the Company.

Restrictions on Sales and Marketing

The medical cannabis industry is in its early development stage and restrictions on sales and marketing activities imposed by Health Canada, various medical associations, other governmental or quasi-governmental bodies or voluntary industry associations may adversely affect the Company's ability to conduct sales and marketing activities and could have a material adverse effect on the Company's businesses, operating results and financial conditions.

TSXV Restrictions on Business

As a condition to listing on the TSXV, the TSXV required that the Company deliver an undertaking (the "**Undertaking**") confirming that, while listed on TSXV, the Company will only conduct the business of the production, sale and distribution of medicinal marijuana in Canada pursuant to one or more licenses issued by Health Canada in accordance with applicable law, unless prior approval is obtained from TSXV. The Undertaking could have an adverse effect on the Company's ability to do business or operate outside of Canada and on its ability to expand its business into other areas, including the provision of non-medical marijuana in the event that the laws were to change to permit such sales, if the Company is still listed on the TSXV and remains subject to the Undertaking at such time. The Undertaking may prevent the Company from expanding into new areas of business when the Company's competitors have no such restrictions. All such restrictions could materially and adversely affect the growth, business, financial condition and results of operations of the Company.

Risks Specifically Related to the United States Regulatory System

Failure to Comply with TSXV Bulletin

Pursuant to the TSXV Bulletin, if the Company were determined not be in compliance with the Requirements of the TSXV, the TSXV has the discretion to initiate a delisting review. If the TSXV were to initiate a delisting review in respect of the Company, there could be an adverse effect on the trading price of the Company's shares.

The Company's investments in the United States are subject to applicable anti-money laundering laws and regulations

Should the Company obtain approval of its proposed US investments, the Company is subject to a variety of laws and regulations domestically and in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended, and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In the event that any of the Company's proposed investments in the United States, or any proceeds thereof, or 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, affect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends on its Common Shares in the foreseeable future, in the event that a determination was made that the investments in Bhang or DeepCell (or any future investments in the United States) could reasonably be shown to constitute proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time. Any future exposure to money laundering or proceeds of crime could subject the Company to financial losses, business disruption and damage to the Company's reputation. In addition, there is a risk that the Company may be subject to

investigation and sanctions by a regulator and/or to civil and criminal liability if the Company has failed to comply with the Company's legal obligations relating to the reporting of money laundering or other offences.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses and the related disclosures of contingent assets and liabilities. Significant estimates in the accompanying financial statements relate to market interest rates, estimated useful lives and amortization of property, plant and equipment and intangible assets, fair value of options and warrants and fair value of financial liabilities designated at fair value through profit and loss . Actual results could differ from these estimates.

SUBSEQUENT EVENTS

Reference is made to the disclosure set out in the accompanying audited financial statements for the year ended December 31, 2017.

APPROVAL

The directors of Indiva have approved the disclosures contained in this MD&A.