

## FORM 7

### **MONTHLY PROGRESS REPORT**

Name of Listed Issuer: Sunniva Inc. (the "Issuer").

Trading Symbol: SNN

Number of Outstanding Listed Securities: 39,935,298 (as of December 31, 2019)

Date: January 6, 2019

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered, nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

*Please see the Issuer's Annual Information Form dated April 29, 2019 for the year ended December 31, 2018 (the "AIF") for a description of the Issuer's business.*

2. Provide a general overview and discussion of the activities of management.

*Subject to the matters referenced below, management continues to progress on its business plan as described in the AIF.*

*On December 4, 2019, the Issuer announced that it has become aware that it has been named in a lawsuit (the "Matrix Lawsuit"), along with its wholly-owned subsidiary, 1167025 B.C. Ltd., commenced in connection with loans made by Matrix Venture Capital Management Inc. ("Matrix") to the Issuer on August 28, 2019 and October 11, 2019, respectively, in the aggregate amount of USD\$7,000,000 (the "Loans"). The remedies sought by Matrix include a mortgage over the Issuer's Okanagan Falls property to secure payments of the amounts of the Loans owed by the Issuer to Matrix. A notice of civil claim was filed in the Supreme Court of British Columbia on November 26, 2019 in respect of the Matrix Lawsuit. Subsequent to the filing of the notice of civil claim, Matrix amended the notice of civil claim to remove 1167025 B.C. Ltd. as a named defendant and removed the mortgage over the Issuer's Okanagan Falls property as a remedy under the Matrix Lawsuit.*

*On December 13, 2019, the Issuer announced it is taking steps to preserve its available funds to allow it to actively pursue its rights under the previously disclosed dispute related to the build to suit lease of the property located at 69375 Ramon Road, Cathedral City, California (the "Cathedral City Glasshouse") and to deal with disputes with certain of its debt holders for due, and claimed due, debt. As part of these cost saving measures, the Issuer is reducing its business activities in California relating to both the extraction facility in Cathedral City and the distribution facility in Coachella while seeking opportunities to monetize both, and is actively pursuing the sale of the Long Beach warehouse. In addition, the Issuer continues to work towards the closing of the sales of its Canadian assets under the Sunniva Medical Inc. ("SMI") transaction. While the Issuer believes that it has strong legal positions with respect to the announced disputes and is taking steps to exert its position, there can be no certainty that the Issuer will ultimately prevail or that it will be able to deal with all of its debt as it becomes due.*

*On December 16, 2019, the Issuer announced it had been advised that Sunniva Production Campus, LLC ("SPCL") will be making an ex parte application in the Los Angeles County Superior Court on December 16, 2019 against CP Logistics, LLC ("CPL"), a wholly owned subsidiary of the Issuer, to secure the funds at issue with respect to the previously reported Notice of Maturity Default relating to outstanding amounts due under an amended and restated promissory note dated August 11, 2019, payable to SPCL by CPL. CPL intends to vigorously defend this action.*

*On December 18, 2019, the Issuer announced that the previously reported ex parte application for a writ of attachment filed by SPCL against CPL and submitted to the court on December 17, 2019 has been denied by the Los Angeles County Superior Court.*

*On December 19, 2019, the Issuer announced the previously reported sale (the "NHS Transaction") of the Issuer's wholly-owned subsidiary, Natural Health*

Services Ltd. ("NHS"), closed on December 18, 2019. The original share purchase agreement (the "Original Agreement") dated September 10, 2019 was amended and restated to set out a revised transaction structure under which Cura-Can Health Corp. ("Cura-Can"), instead of its wholly-owned subsidiary, The Clinic Network Canada Inc. ("TCNC"), acquired NHS. Pursuant to the NHS Transaction, Cura-Can paid a purchase price of CA \$9,000,000 comprised of CA \$250,000 in cash and CA \$8,750,000 of security consideration through the issuance of 7,000,000 Class A common shares (the "Cura Shares") of Cura-Can (the "Consideration"). The Issuer is entitled to certain conversion rights for the Cura Shares based on Cura-Can's ability to effect a liquidity event for TCNC. The Consideration replaces the prior consideration for NHS pursuant to the Original Agreement of CA \$4,500,000 million in cash and CA \$4,500,000 million of security consideration through the issuance of 4,500,000 preferred shares of TCNC. A finder's fee of 5 per cent of the gross proceeds from the NHS Transaction is payable to certain non-registered entities for introducing certain potential acquirors to the Issuer.

On December 23, 2019, the Issuer and CannaPharmaRx Canada Corp. ("CannaPharmaRx"), a subsidiary of CannaPharmaRx, Inc. jointly announced that while the previously announced December 20, 2019 outside date of the share purchase agreement with respect to the sale of SMI to CannaPharmaRx (the "SMI Transaction") has passed, they continue to work towards completion of the SMI Transaction.

On December 24, 2019, the Issuer announced that its wholly owned subsidiary, CPL, has filed an application for a Temporary Restraining Order ("TRO") in California Superior Court for the County of Riverside (the "Court") and has submitted a Notice of Claims with JAMS, the world's largest private alternative dispute resolution provider, to initiate the arbitration process ("Arbitration") with respect to the previously disclosed Notice of Termination Letter issued by SPCL with respect to the lease related to the Cathedral City Glasshouse (the "Lease"). Through the filing of the TRO, CPL has asked the Court to restrain SPCL from enforcing its alleged termination of the Lease until the Arbitration process is completed.

On December 26, 2019, the Issuer announced that the TRO filed by CPL against SPCL with respect to the Notice of Termination of Lease issued by SPCL, was denied by Court on December 24, 2019. The Issuer is continuing to assert its rights under the Lease and has submitted a Demand for Arbitration and Notice of Claims with JAMS, to initiate the arbitration process pursuant to the dispute resolution provisions of the Lease agreement for the Cathedral City Glasshouse.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

None to report.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

*None to report.*

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

*None to report.*

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

*None to report*

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

*See Item 2 above for details regarding the NHS Transaction. The Consideration in respect of the NHS Transaction was determined through arm's-length negotiation, and did not involve a disposition to a Related Person of the Issuer.*

8. Describe the acquisition of new customers or loss of customers.

*None to report.*

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

*None to report.*

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

*Except as described in Item 2, none to report.*

11. Report on any labour disputes and resolutions of those disputes if applicable.

*None to report.*

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

See Item 2 above for details regarding the Matrix Lawsuit and the Notice of Termination of Lease issued by SPCL.

The Issuer has become aware that it has been named in a lawsuit (the "IMK Lawsuit"), commenced in connection with amounts payable to IMK Management Services Inc. ("IMK") under a Finder's Fee Agreement (the "Agreement") dated January 28, 2019 with respect to the NHS Transaction. The NHS Transaction was completed on December 18, 2019. A notice of civil claim was filed in the Supreme Court of British Columbia on December 30, 2019 in respect of the IMK Lawsuit. IMK is seeking judgement for an alleged amount due under the Agreement of CA \$472,500. The Issuer has 21 days from the date of filing to respond to the notice of civil claim.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

*Investors converted a total of CAD\$50,000 of convertible debentures (plus accrued interest) into common shares in accordance the terms of the convertible debentures. See also Item 14 below.*

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
<i>Common Shares</i>	<i>10,288</i>	<i>Issued in connection with a convertible debenture conversion. See Item 13 above.</i>	<i>n/a</i>

Formatted Table

Formatted: Font: Italic

Formatted: Font: 12 pt, Italic

Formatted: Font: Italic

15. Provide details of any loans to or by Related Persons.

*None to report.*

16. Provide details of any changes in directors, officers or committee members.

*None to report.*

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

*Please see the AIF.*

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated December 6, 2019.

Anthony Holler  
Name of Director or Senior Officer

/Signed/ Anthony Holler  
Signature

Chairman and Chief Executive Officer  
Official Capacity

<b>Issuer Details</b>		For Month End	Date of Report YY/MM/D
Name of Issuer		November 2019	19/12/[●]
Sunniva Inc.			
Issuer Address			
1200 Waterfront Centre 200 Burrard Street, PO Box 48600 Vancouver, British Columbia V7X 1T2			
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.	
Vancouver, British Columbia, V7X 1T2	N/A	(866) 786-6482	
Contact Name	Contact Position	Contact Telephone No.	
Dr. Anthony Holler	Chairman and Chief Executive Officer	(866) 786-6482	
Contact Email Address	Web Site Address		
<a href="mailto:info@sunniva.com">info@sunniva.com</a>	<a href="http://www.sunniva.com">www.sunniva.com</a>		