

INDIVA LIMITED

(formerly Rainmaker Resources Ltd.)

Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars)

For the three month periods ended March 31, 2018 and 2017

INDIVA Limited
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars)

As at	March 31, 2018 \$	December 31, 2017 \$
ASSETS		
Current assets		
Cash	33,094,652	21,303,886
Accounts and taxes receivable	285,417	195,845
Investment	61,665	89,164
Prepaid expenses and other	702,035	489,404
Total current assets	34,143,769	22,078,299
Other non-current assets		
Property, plant and equipment (Note 5)	5,284,090	5,256,123
Assets in process (Note 6)	167,869	102,483
Long term prepaid	-	17,840
Intangible assets (Note 7)	124,850	93,850
Total assets	39,720,578	27,548,595
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	580,799	353,302
Total current liabilities	580,799	353,302
Other non-current liabilities		
Deferred tax liability	-	282,303
Convertible debenture (Note 8)	5,068,973	8,092,903
Total liabilities	5,649,772	8,728,508
Equity		
Share capital (Note 9)	35,767,211	20,483,947
Reserves (Note 8)	6,242,442	4,230,800
Accumulated other comprehensive loss	(32,499)	(5,000)
Accumulated deficit	(7,906,348)	(5,889,660)
Total equity	34,070,806	18,820,087
Total liabilities and equity	39,720,578	27,548,595

Commitments (Note 16) and Subsequent Events (Note 19)

These condensed consolidated interim financial statements were approved by the Board of Directors of INDIVA Limited on May 30, 2018.

N. Marotta
Carmine (Niel) Marotta

J. Yersh
James Yersh

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

INDIVA Limited

INDIVA Limited**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**

For the three month period ended March 31, 2018 and 2017

(Expressed in Canadian dollars)

	For the three months ended March 31, 2018 \$	For the three months ended March 31, 2017 \$
Expenses		
Salaries	457,547	197,690
Interest and bank charges, net	435,357	20,563
Stock-based compensation	272,024	-
Marketing and branding	150,812	78,058
Pre-production supplies and expenses	115,286	1,080
Consulting fees	114,068	59,225
Professional fees	92,795	6,548
Rent	88,466	52,142
Travel	80,650	8,935
Investor Relations	59,084	-
Utilities	41,051	9,930
Office costs	16,592	3,510
Telecommunications and IT	16,074	1,740
Agent fees	13,225	-
Facility costs	11,004	-
Meals and entertainment	6,923	2,346
Insurance	6,105	3,922
Repairs and maintenance	(14,568)	4,500
Foreign exchange loss (gain)	(1,235)	-
Amortization	92,790	8,817
Total expenses	2,054,050	459,006
Net loss before taxes	(2,054,050)	(459,006)
Deferred tax recovery	37,362	-
Net loss	(2,016,688)	(459,006)
Loss on revaluation of investment	(27,499)	-
Total comprehensive loss	(2,044,187)	(459,006)
Net loss per common share, basic and diluted	(0.03)	(0.01)
Weighted average number of common shares outstanding, basic and diluted	72,542,726	34,880,000

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

INDIVA Limited

Condensed Consolidated Interim Statements of Changes in Equity

For the three months ended March 31, 2018 and 2017

(Expressed in Canadian dollars)

	Share capital		Reserves	Accumulated deficit	Accumulated other comprehensive loss	Total
	Shares	Amount				
	#	\$				
Balance, January 1, 2018	60,946,413	20,483,947	4,230,800	(5,889,660)	(5,000)	18,820,087
Share capital issued	14,238,150	14,950,058	-	-	-	14,950,058
Share issuance costs	-	(1,441,821)	-	-	-	(1,441,821)
Issuance of warrants	-	(1,566,197)	1,566,197	-	-	-
Issuance of finders warrants	-	(657,802)	657,802	-	-	-
Partial conversion of December 2017 debenture	5,799,998	4,004,068	(740,363)	-	-	3,263,705
Exercise of warrants	6,667	7,400	(1,401)	-	-	5,999
Stock based payments	-	-	272,024	-	-	272,024
Deferred tax recovery	-	(12,442)	257,383	-	-	244,941
Net loss for the year	-	-	-	(2,016,688)	-	(2,016,688)
Other comprehensive loss	-	-	-	-	(27,499)	(27,499)
Balance, March 31, 2018	80,991,228	35,767,211	6,242,442	(7,906,348)	(32,499)	34,070,806

	Share capital		Reserves	Accumulated deficit	Accumulated other comprehensive loss	Total
	Shares	Amount				
	#	\$				
Balance, January 1, 2017	26,940,000	3,712,218	93,231	(1,337,460)	-	2,467,989
Share capital issued	10,200,000	3,264,000	-	-	-	3,264,000
Share issuance costs	-	(81,856)	-	-	-	(81,856)
Net loss for the period	-	-	-	(459,006)	-	(459,006)
Balance, March 31, 2017	37,140,000	6,894,362	93,231	(1,796,466)	-	5,191,127

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

INDIVA Limited

INDIVA Limited**Condensed Consolidated Interim Statements of Cash Flows**

For the three months ended March 31, 2018 and 2017

(Expressed in Canadian dollars)

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(2,016,688)	(459,006)
Adjustments to reconcile net loss to cash used in operating activities:		
Amortization	92,790	8,817
Interest income	(3)	(1,211)
Interest on convertible debenture	434,122	21,401
Shares issued to employee for no consideration	-	42,667
Stock-based compensation	272,024	-
Non-cash consulting fees	20,160	18,667
Deferred tax recovery	(37,362)	-
Changes in non-cash operating working capital	(97,908)	(350,452)
Total cash outflows used in operating activities	(1,332,865)	(719,117)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment and leaseholds (Note 6)	(181,889)	(17,031)
Acquisition of assets in process (Note 7)	(161,934)	(1,633,902)
Acquisition of intangible assets (Note 8)	(27,000)	-
Interest received	3	1,211
Total cash outflows used in investing activities	(370,820)	(1,649,722)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from equity financing	14,950,058	3,098,880
Share issuance costs	(1,434,717)	(202,687)
Proceeds from exercise of warrants	5,999	-
Interest paid on convertible debenture (Note 8)	(26,889)	-
Total cash inflows from financing activities	13,494,451	2,896,193
Increase in cash	11,790,766	527,354
Cash, beginning of period	21,303,886	269,910
Cash, end of period	33,094,652	797,264

Supplemental cash flow information is provided in Note 11.

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

INDIVA Limited

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2018 and 2017

(Expressed in Canadian dollars)

1. CORPORATE INFORMATION

INDIVA Limited (the “Company”), 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 13, 2017, the Company completed a reverse takeover transaction, pursuant to which INDIVA Corporation amalgamated with a wholly-owned subsidiary of the Company and was subsequently renamed INDIVA Limited. The Company’s common shares resumed trading on the TSX Venture Exchange (the “TSXV”) under the symbol “NDVA” on December 19, 2017.

Its wholly-owned subsidiary, INDIVA Inc. is a licensed producer of medical marijuana under Health Canada’s Access to Cannabis for Medical Purposes Regulations (“ACMPR”), focused on cultivating cannabis and working towards its sales amendment as well as expanding its production facility in London, Ontario.

The address of the Company’s corporate office is 343 Preston Street, 11th Floor, Ottawa, Ontario, K1S 1N4.

2. BASIS OF PRESENTATION

(a) STATEMENT OF COMPLIANCE

These unaudited condensed consolidated interim financial statements (the “Interim Financial Statements”) have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”).

These Interim Financial Statements were approved and authorized for issue by the Board of Directors on May 30, 2018.

(b) BASIS OF MEASUREMENT

These Interim Financial Statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2017 (the “2017 Annual Financial Statements”), which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the 2017 Annual Financial Statements, with the exception of those disclosed in Note 3.

These Interim Financial Statements have been prepared on a historical cost basis except for certain financial instruments and are presented in Canadian dollars.

The preparation of consolidated financial statements in accordance with IAS 34 requires Management to make certain critical accounting estimates. It also requires Management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these Interim Financial Statements, are disclosed in Note 4.

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Notes to the Consolidated Financial Statements

For the three months ended March 31, 2018 and 2017

(Expressed in Canadian dollars)

These Interim Financial Statements have been prepared on the basis of principles applicable to a going concern which assumes the Company will continue to meet its obligations and discharge its liabilities for the foreseeable future. The Company is in the application stage for a license to sell medicinal cannabis under the ACMPR and raises funds in the debt and equity market to conduct its activities. The Company has incurred losses in the current and prior periods, with a net loss of \$2,016,688 during the three month period ended March 31, 2018 and an accumulated deficit of \$7,906,348 at March 31, 2018 (December 31, 2017 - \$5,889,660). Based on the Company's current estimate of planned expenditures, funds on hand at March 31, 2018 can fund operations beyond the next twelve months. In order to fund further operations, the Company must raise additional debt or equity capital. Given the uncertainty as to the timing and approval of the Health Canada sales amendment, there is no assurance that the Company will be able to raise additional funds until the permit is approved.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

The accounting policies adopted in these Interim Financial Statements are consistent with those followed in the preparation of the Company's 2017 Annual Financial Statements except as noted below related to IFRS 9, Financial Instruments.

(a) Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories; amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or fair value through other comprehensive income. The effective date of this standard was January 1, 2018. The Company has adopted this new standard as of its effective date on a retrospective basis with the exception of financial assets that were derecognized at the date of initial application, January 1, 2018. The 2017 comparatives were not restated. As a result of the new classification model and measurement requirements under IFRS 9, the Company has elected to classify the available for sale investments as fair value through other comprehensive income. Due to the adoption of IFRS 9, during the three months ended March 31, 2018, a loss of \$27,499 on the investments held as fair value through other comprehensive income were recorded in other comprehensive income. The new classification and measurement of the Company's financial assets are as follows:

(i) Equity instruments at fair value through other comprehensive income ("FVTOCI")

This category only includes equity instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to so classify upon initial recognition or transition. The Company classified its investment as an equity instrument at FVTOCI. Equity instruments in this category are subsequently measured at fair value with changes recognized at other comprehensive income, with no recycling of gains or losses to profit or loss upon derecognition. Equity instruments at FVTOCI are not subject to an impairment assessment under IFRS 9.

(ii) Amortized cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets in order to collect the contractual cash flows that meet the solely principal and interest

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For the three months ended March 31, 2018 and 2017

(Expressed in Canadian dollars)

("SPPI") criterion. Financial assets classified in this category are carried at amortized cost using the effective interest method.

(iii) Fair value through profit or loss

This category includes derivative instruments and equity instruments which the Company has not irrevocably elected, at initial recognition or transition, to classify as FVTOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in profit or loss.

The assessment of the Company's business models was made as of the date of the initial application, January 1, 2018, and then applied retrospectively to those financial assets that were not derecognized before January 1, 2018.

The Company has made the following classifications with respect to its financial instruments:

- Cash is classified as FVTPL, which is measured at fair value.
- Investments are classified as FVTOCI, and are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss).
- Accounts payable and accrued liabilities and convertible debentures are classified as other financial liabilities, which are measured at amortized cost, using the effective interest method.

Financial assets measured at amortized cost, are assessed for indicators of impairment at the end of each reporting period. A financial asset is considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the discounted estimated future cash flows of the financial asset have been impacted.

(iv) Impairment of financial assets

The adoption of IFRS 9 has fundamentally changed the Company's accounting of impairment losses for financial assets by replacing IFRS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. IFRS 9 requires the Company to record an allowance for ECLs for all debt financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation of the asset's original effective interest rate.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these Interim Financial Statements requires Management to make estimates and assumptions about the future that affect the amounts recorded in the Interim Financial Statements. These estimates and assumptions are based on the Company's experience and Management's expectations about future events that are believed to be reasonable under the circumstances, and they are continually being evaluated based on new facts and experience. Actual results may differ from these estimates and assumptions. The effect of a change in accounting estimate is recognized prospectively in the period of change and future periods if the change impacts both periods.

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Judgments

Going concern risk assessment

Management considers whether there exists any event(s) or condition(s) that may cast significant doubt on the Company's ability to continue as a going concern. Considerations take into account all available information about the future including the availability of debt and equity financing as well as the Company's working capital balance and future commitments.

Deferred income taxes

Judgment is required in order to determine whether to recognize deferred tax assets and/or liabilities on the statement of financial position. Management must assess the extent to which it is probable that the Company and its subsidiaries will have future taxable profits available against which it can recognize unused tax losses and/or tax credits as well as sufficient loss carry forwards to offset potential tax liabilities. The amount and availability of deferred tax assets and liabilities are directly influenced by future changes to tax laws in Canada

Classification of convertible debenture as financial liability and equity

Management has determined that based on the terms of the convertible debenture, the host debt component should be classified as a financial liability and measured at the contractual cash flow discounted at the market interest rate of a similar debt instrument with no conversion feature while the residual balance, representing the conversion feature, is classified as reserves in equity.

Estimates

Market interest rate

In calculating the discounted contractual cash flow on the host debt component of the convertible debenture, a key estimate of the market interest rate of a similar debt instrument with no conversion features is used.

Estimated useful lives and amortization of PPE and intangible assets

Management reviews its estimate of the useful life of PPE and intangible assets annually and accounts for any changes in estimates prospectively.

Fair value of options and warrants

The fair value of options and warrants is calculated using the Black-Scholes pricing model. In calculating the share-based compensation expense and the fair value of warrants, key estimates, such as the value of the common share, the rate of forfeiture of options granted, the expected life of the option, the volatility of the Company's stock price and the risk-free interest rate are used. Expected volatility is based on the share price volatility of five comparable publicly traded companies from within the same industry.

INDIVA Limited**Notes to the Consolidated Financial Statements**

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(Expressed in Canadian dollars)

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements \$	Facility equipment \$	Vehicle \$	Office equipment and furniture \$	Total \$
Cost					
Balance, January 1, 2017	-	9,564	27,055	6,261	42,880
Additions	8,408	65,296	71,308	74,736	219,748
Transferred from assets in process	4,315,821	849,331	-	24,687	5,214,839
Disposals	-	-	(27,055)	(3,660)	(55,715)
Balance, December 31, 2017	4,324,229	924,191	71,308	102,024	5,421,752
Additions	1,869	48,535	-	65,352	115,759
Balance, March 31, 2018	4,326,098	972,726	71,308	167,376	5,537,511
Accumulated amortization					
Balance, January 1, 2017	-	2,845	6,200	1,353	10,398
Amortization for the period	71,651	72,007	6,901	17,806	168,365
Disposals	-	-	(12,117)	(1,017)	(13,134)
Balance, December 31, 2017	71,651	74,852	984	18,142	165,629
Amortization for the period	36,156	37,840	2,228	11,566	87,790
Balance, March 31, 2018	107,807	112,692	3,212	29,708	253,419
Carrying amounts as at:					
December 31, 2017	4,252,578	849,339	70,324	83,882	5,256,123
March 31, 2018	4,218,291	860,034	68,096	137,669	5,284,090

Interest of \$Nil was capitalized to leasehold improvements during the period ended March 31, 2018 (period ended March 31, 2017 - \$21,401).

6. ASSETS IN PROCESS

During the period ended March 31, 2018, there were additions of \$65,386 (\$2,007,566 – year ended December 31, 2017) to assets in process, the entirety of which relates to leasehold improvements undertaken at the London facility in order to prepare the facility for increased production space. As at March 31, 2018, \$Nil (\$62,452 – year ended December 31, 2017) of additions during the period were included in accounts payable and accrued liabilities. No assets were transferred out of assets of process during the period (\$5,214,839 – year ended December 31, 2017).

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For the three months ended March 31, 2018 and 2017

(Expressed in Canadian dollars)

7. INTANGIBLE ASSETS

The estimated useful life of the lease buyouts range from five years to nine years and three months based on the initial term of the lease for the facility in London, Ontario. The trademark has an indefinite life but will be subject to an annual impairment test. The genetics are indefinite life intangibles granting access to the genetic rights to grow certain strains, this license is subject to an annual impairment test. Book rights represent an intangible asset acquired through the commissioning of a book and has an indefinite life subject to an annual impairment test.

	Lease buyout \$	Trademark \$	Genetics \$	Book rights \$	Total \$
Cost					
Balance, January 1, 2017	100,000	1,517	-	-	101,517
Additions	-	-	15,000	24,000	39,000
Balance, December 31, 2017	100,000	1,517	15,000	24,000	140,517
Additions	15,000	-	-	21,000	36,000
Balance, March 31, 2018	115,000	1,517	15,000	45,000	176,517
Accumulated amortization					
Balance, January 1, 2017	26,667	-	-	-	6,667
Amortization for the period	20,000	-	-	-	20,000
Balance, December 31, 2017	46,667	-	-	-	46,667
Amortization for the period	5,000	-	-	-	5,000
Balance, December 31, 2017	51,667	-	-	-	51,667
Carrying amounts as at:					
December 31, 2017	53,333	1,517	15,000	24,000	93,850
March 31, 2018	63,333	1,517	15,000	45,000	124,850

8. DERIVATIVE FINANCIAL INSTRUMENT AND CONVERTIBLE DEBENTURESDerivative Financial Instrument ("June 2017 Convertible Debenture")

On June 15, 2017, the Company issued a \$2,100,000 unsecured convertible debenture, with no coupon which will mandatorily convert into common shares of the Company upon closing of the Reverse Takeover at the same price as the equity financing being concurrently raised. The debenture matures June 15, 2018. The Company paid transactions costs of 7% cash (\$147,000) and 7% warrants (49 warrants - pre-stock split). The transaction costs have been recorded as financing costs within the statement of loss and comprehensive loss.

The convertible debenture is a hybrid financial instrument comprising a liability and an embedded derivative. Upon issuance, the Company designated the entire hybrid convertible debenture as a financial liability at fair value through profit. On the initial measurement date, the fair value of the convertible debenture was determined to be equal to the transaction price of \$2,100,000. On December 13, 2017, prior to the closing of the Reverse Takeover, the debenture was converted into 700 (pre-stock split)

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common shares of INDIVA Corporation at the conversion price of \$3,000 per share (pre-stock split) and 350 (pre-stock split) common share purchase warrants, each warrant being exercisable into a common share of INDIVA Corporation at \$3,600 per share (pre-stock split) for a period of two years. There was no impact to fair value recorded in the statement of loss.

December 2017 Convertible Debenture

On December 13, 2017, the Company issued a \$11,000,000 unsecured convertible debenture, with a coupon rate of 10% which can be converted into common shares of the Company at a rate of \$0.75 per share at any time and matures on December 13, 2019. The coupon is paid semi-annually on the last day of June and December.

The convertible debenture is considered to be a compound instrument comprising a liability and a conversion feature. As a result, the liability and equity components have been presented separately. The initial carrying value of the liability was calculated by discounting the stream of future payments of principal and interest using a market interest rate of 21.9%. Using the residual method, the carrying value of the conversion feature is the difference between the principal amount and the initial carrying value of the financial liability. The equity component is recorded in reserves on the statement of financial position. The Company paid transaction costs of 7% cash (\$770,000) and legal costs of \$68,079 and 7% warrants (1,024,000 warrants). The debenture, net of the equity component, is accreted using the effective interest method over the term of the debenture such that the carrying amount of the financial liability will equal the principal balance at maturity using an effective interest rate of 27.7%. As part of the transaction, deferred tax liabilities of \$239,478 were recorded.

The holder exercised their right of conversion on January 4, 2018, converting \$2,000,000 of the debt into 2,666,666 common shares of the Company. On January 22, 2018, a further \$1,500,000 of debt was converted into 2,000,000 common shares of the Company. On March 9, 2018, \$350,000 of debt was converted into 466,666 common shares and on March 12, 2018, \$500,000 of debt was converted into 666,666 common shares. All conversions were at \$0.75 per share.

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Convertible debentures consist of the following:

	Debt component	Equity component	Total
	\$	\$	\$
Balance, January 1, 2017	681,091	93,231	774,322
Accretion	86,909	-	86,909
Conversion of convertible debt	(768,000)	(93,231)	(861,231)
Issuance of convertible debt	8,920,786	2,079,214	11,000,000
Less issuance costs:			
Cash commissions	(624,455)	(145,545)	(770,000)
Cash costs	(63,980)	(14,911)	(78,891)
Finders' warrants	(199,825)	(46,575)	(246,400)
Accretion	46,000	-	46,000
Accretion of transaction costs	14,377	-	14,377
Deferred tax expense	-	(508,471)	(508,471)
Balance, December 31, 2017	8,092,903	1,363,712	9,456,615
Conversion of convertible debt	(3,263,705)	(740,363)	(4,004,068)
Accretion	152,568	-	152,568
Accretion of transaction costs	87,207	-	87,207
Deferred tax recovery	-	257,383	257,383
Balance, March 31, 2018	5,068,973	880,732	5,949,705

9. SHARE CAPITAL**(a) CAPITAL STOCK**

Authorized capital stock consists of an unlimited number of common shares, without par value.

On January 23, 2018, an investor exercised 6,667 warrants of the Company at \$0.90 per common share. The Company issued 6,667 common shares in the Company in exchange for \$6,000.

The holder of the December 2017 Convertible Debenture exercised their right of conversion on January 4, 2018, converting \$2,000,000 of the debt into 2,666,666 common shares of the Company. On January 22, 2018, a further \$1,500,000 of debt was converted into 2,000,000 common shares of the Company. On March 9, 2018, \$350,000 of debt was converted into 466,666 common shares and on March 12, 2018, \$500,000 of debt was converted into 666,666 common shares. All conversions were at \$0.75 per share.

On February 13, 2018, the Company completed an underwritten bought deal that resulted in the issuance of 14,238,150 units at a price of \$1.05 per unit for total gross proceeds of \$14,950,058. The Company incurred cash settled share issuance costs of \$1,441,821 for net proceeds of \$13,508,237. In addition to the cash settled share issuance costs, non-cash share issuance costs of \$657,802 were incurred as a result of the issuance of finders' units on the equity transaction. Each unit, as well as each finders' unit, is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$1.30 and expires on February 13, 2020.

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During the year ended December 31, 2017, the Company completed non-brokered private placements that resulted in the issuance of 9,848,000 common shares at a price of \$0.32 per share. As a result of the transaction, the Company recorded the proceeds of \$3,151,360 as an increase to share capital. A further 312,000 shares were issued in lieu of interest to the holder of the November 2016 convertible debenture at a price of \$0.32 per share. 840,000 shares were issued as payment in kind for Electrical and Marketing contractors as well as 400,000 shares were issued to an employee as part of their employment contract. These shares were also issued at a price of \$0.32 per share.

On August 28, 2017, the Company closed the first tranche of its equity offering in conjunction with the Reverse Takeover (the "Equity Offering"). As a result, the Company issued 7,674,609 subscription receipts at \$0.75 per subscription receipt for gross proceeds of \$5,755,957. Each subscription receipt is convertible into one common share of the Company. On September 13, 2017, the Equity Offering was amended to add, for each subscription receipt purchased, one-half of one common share purchase warrant of the Company issuable upon conversion of the subscription receipts. Each whole warrant entitles the Subscriber to purchase one common share of the Company for a period of 24 months following closing of the Reverse Takeover at an exercise price of \$0.90 per share.

On November 2, 2017, the Company closed the second tranche of the Equity Offering by issuing an additional 2,774,527 subscription receipt units at \$0.75 per subscription receipt unit for gross proceeds of \$2,080,895.

On December 13, 2017, Rainmaker closed the third and final tranche of the Equity Offering. As a result, Rainmaker issued an additional 5,623,949 subscription receipt units at \$0.75 per subscription receipt unit for gross proceeds of \$4,217,962. Total gross proceeds of the Equity Offering were \$12,054,814.

Upon closing of the Reverse Takeover on December 13, 2017, the Company issued 16,073,085 common shares and 8,036,563 common share purchase warrants in exchange for the 16,073,085 subscription receipt units and the proceeds of the Equity Offering were released from escrow. The fair value attributed to share capital for the common shares was \$10,367,140.

As part of the transaction, the Company paid the broker \$633,837 in cash commissions and 845,113 broker warrants at an exercise price of \$0.75 per common share and an expiry of two years as well as other share issuance costs of \$26,615. As part of the transaction, deferred tax asset of \$178,209 were recorded.

The holders of both the November 2016 Convertible Debenture converted their holdings prior to the closing of the Reverse Takeover on December 13, 2017. They converted a total of \$768,000 and received 2,400,000 shares at a price of \$0.32 per share.

The holder of the June 2017 Convertible Debenture converted their holdings prior to the closing of the Reverse Takeover on December 13, 2017. They converted a total of \$2,100,000 and received 2,800,000 units at a price of \$0.75 per unit. Each unit provides the right to one common share of the Company and one-half of one common share purchase warrant of the Company. Each whole warrant entitles the Subscriber to purchase one common share of the Company for a period of 24 months following closing of the Reverse Takeover at an exercise price of \$0.90 per share.

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Upon closing of the Reverse Takeover, predecessor shareholders of Rainmaker retained 1,333,328 common shares in the Company, after taking into account the 10.878 to 1 stock split.

(b) WARRANTS, FINDERS' UNITS AND FINDERS' WARRANTS

On February 13, 2018, the Company granted 14,238,150 warrants as part of the units sold through the underwritten bought deal. Each warrant is exercisable into one common share of the Company at a price of \$1.30 per share and expires on 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 holds the right to accelerate the expiry of the warrants to 30 days following providing notice of their intention to do so.

As part of the bought deal, the Company also issued 996,670 finders' units. Each finders' unit is exercisable into one common share of the Company at a price of \$1.05 per share and one additional common share purchase warrant and expires on February 13, 2020. The additional warrant can be exercised into one common share of the Company at \$1.30 per share with an expiry date of February 13, 2020.

On June 15, 2017, INDIVA Corporation issued 49 warrants (pre-stock split) valued at \$3,000 per warrant (pre-stock split) in conjunction with the closing of the June 2017 Convertible Debenture (Note 8). Upon closing of the Reverse Takeover, the warrants were exchanged for 196,000 warrants of the Company. Each warrant is exercisable into one common share of the Company for a period of two years at \$0.75 per share.

Upon closing of the Reverse Takeover, the predecessor company, Rainmaker Resources Ltd., had the following warrants, finders' units and finders' warrants outstanding which were adjusted for the Share Consolidation however all other terms remained the same:

- 173,451 warrants exercisable into one common share of the Company at a price of \$1.09 per share, expiring on October 28, 2020;
- 265,234 warrants exercisable into one common share of the Company at a price of \$0.87 per share, expiring on May 27, 2021;
- 85,799 warrants exercisable into one common share of the Company at a price of \$1.25 per share, expiring on September 27, 2021;
- 13,693 finders' units exercisable into one common shares of the Company at a price of \$1.09 per share and an additional warrant, expiring on October 20, 2020. The additional warrant can be exercised into one common share of the Company at \$1.09 per share with an expiry date of October 28, 2020;
- 19,326 finders' units exercisable into one common shares of the Company at a price of \$0.76 per share and an additional warrant, expiring on May 27, 2021. The additional warrant can be exercised into one common share of the Company at \$0.87 per share with an expiry date of May 27, 2021;
- 12,810 finders' units exercisable into one common shares of the Company at a price of \$0.98 per share and an additional warrant, expiring on September 22, 2021. The additional warrant can be exercised into one common share of the Company at \$1.25 per share with an expiry date of September 27, 2021; and

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- 29,942 finders' warrants exercisable into one common share of the Company at a price of \$0.54 per share, expiring on April 27, 2022.

On December 13, 2017, upon conversion of the June 2017 Convertible Debenture, the Company granted the holder of the debenture 1,400,000 warrants in the Company exercisable into one common share of the Company at a price of \$0.90 per share and expiring on December 13, 2019.

On December 13, 2017, the Company also granted an additional 8,036,563 warrants to the subscribers of the Equity Offering. Each common share purchase warrant is exercisable into one common share of the Company at a price of \$0.90 per share and expires on December 13, 2019.

As part of the commissions on the Equity Offering, the broker received 845,113 finders' warrants. Each finders' warrant is exercisable into one common share of the Company at a price of \$0.75 per share and expires on December 13, 2019.

On December 13, 2017, the Company granted 1,024,000 finders' warrants as commissions to the broker of the December 2017 Convertible Debenture. Each finders' warrant is exercisable into one common share of the Company at a price of \$0.75 per share and expires on December 13, 2019.

	Warrants outstanding #	Weighted average exercise price \$
Outstanding, January 1, 2017	-	-
Granted	12,101,931	0.88
Exercised	-	-
Expired/cancelled	-	-
Outstanding, December 31, 2017	12,101,931	0.88
Granted	15,234,820	1.28
Exercised	(6,667)	0.90
Expired/cancelled	-	-
Outstanding, March 31, 2018	27,333,340	1.10

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The following warrants remain outstanding as at March 31, 2018:

Warrant Description	# of Warrants	Expiry Date	Exercise Price
	#		\$
Warrants on June 2017 derivative financial instrument	196,000	06/14/2019	0.75
Warrants on conversion of June 2017 derivative financial Instrument	1,400,000	12/13/2019	0.90
Warrants issued on December equity transaction	8,029,896	12/13/2019	0.90
Finders warrants issued on December equity transaction	845,113	12/13/2019	0.75
Finders warrants on December 2017 convertible Debenture	1,024,000	12/13/2019	0.75
Rainmaker predecessor warrants	173,451	10/28/2020	1.09
Rainmaker predecessor warrants	265,234	05/27/2021	0.87
Rainmaker predecessor warrants	85,799	09/27/2021	1.25
Rainmaker predecessor finders' units	13,693	10/28/2020	1.09
Rainmaker predecessor finders' units	19,326	05/27/2021	0.76
Rainmaker predecessor finders' units	12,810	09/27/2021	0.98
Rainmaker predecessor finders' warrants	29,942	04/27/2022	0.54
Warrants on February 2018 equity transaction	14,238,150	02/13/2020	1.30
Finders' units on February 2018 equity transaction	996,670	02/13/2020	1.05
Total warrants & weighted average exercise price	27,330,084		1.10

As at March 31, 2018, the warrants outstanding have a weighted average remaining life of 1.83 years.

The warrants were valued using the Black-Scholes option pricing model using the following range of assumptions. The Company has determined that its own historical volatility is not relevant to the current business activity. The Company has estimated volatility for the warrants issued in the current year by using the historical volatility of other companies that the Company considers comparable to its current business activities:

Share price	\$0.32 - \$1.29
Expected dividend yield	-
Volatility	76.04% - 85.77%
Expected life	2.00 - 4.37 years
Forfeiture rate	-
Risk-free rate	1.05% - 1.77%

(c) SHARE-BASED COMPENSATION

The equity compensation plans which the Company has in place relate to grants issued to officers, directors, employees and consultants and was approved by the Board of Directors during 2017.

As at March 31, 2018, based on the Company's total common shares outstanding, a total of 8,099,123 (6,094,641 – December 31, 2017) stock options may be issued and outstanding. Based on this the Company could grant up to 3,780,808 (2,381,326 – December 31, 2017) additional stock options beyond what was issued and outstanding as at March 31, 2018. TSXV approval is required to reserve the related

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common shares for issuance. Unless otherwise determined by the Board, options issued under the Plan vest over a three-year period except for options granted to consultants or persons employed in Investor Relations Activities (as defined in the policies of the Exchange) which vest in stages over 12 months with no more than ¼ of the options vesting in any three-month period.

Stock option activity for the equity compensation plan for the period ended March 31, 2018 was as follows:

	Number of Options #	Weighted average exercise price \$
Outstanding, January 1, 2017	-	-
Granted	3,713,315	0.76
Exercised	-	-
Forfeited	(20,000)	0.75
Outstanding, December 31, 2017	3,693,315	0.76
Granted	640,000	0.87
Exercised	-	-
Forfeited	(15,000)	0.87
Outstanding, March 31, 2018	4,318,315	0.77

During the three month period ended March 31, 2018, the Company recognized \$272,024 (2016 - \$Nil) of stock based compensation related to stock options.

During the three month period ended March 31, 2018, the Company granted 640,000 stock options, exercisable for common shares at a weighted average price of \$0.87 per share, vesting over 3 years. The options expire 5 years from the date of grant.

The grant date fair value is calculated using the Black-Scholes pricing model. Expected volatility is based on the share price volatility of five comparable publicly traded companies from within the same industry. The outstanding options as at March 31, 2018 have a weighted average remaining contractual life of 4.55 years (December 31, 2017 – 4.84 years).

	March 31, 2018	2017
Share price	\$0.83	\$0.645
Expected dividend yield	Nil	Nil
Volatility	81.93% to 86.93%	74.6% to 81.7%
Expected life (years)	5	2 to 5
Forfeiture rate	Nil	Nil
Risk-free rate	1.74%	1.57% to 1.64%

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The following table presents information related to stock options at March 31, 2018:

Weighted average exercise price	Number of Options	Vested	Weighted average remaining life (years)
\$0.75	3,560,000	200,000	4.59
\$0.76	105,811	105,811	1.70
\$0.87	625,000	200,000	4.90
\$1.47	27,504	27,504	1.70
Balance as at March 31, 2018	4,318,315	533,315	4.55

10. EARNINGS PER SHARE

For the period ended March 31, 2018, 4,318,315 stock options, 27,330,084 warrants and 8,864,000 convertible debenture shares (March 31, 2017 – Nil stock options, Nil warrants and 2,400,000 convertible debenture shares, respectively) which could have been dilutive were excluded from the computation of diluted earnings per share as the Company realized a net loss and it would be anti-dilutive to include them.

11. SUPPLEMENTAL CASH FLOWS

Supplemental details of the changes in non-cash working capital for the period ended March 31 were as follows:

	2018 \$	2017 \$
Changes in non-cash working capital impacting cash flows from operating activities were as follows:		
Taxes receivables	(89,572)	(183,409)
Prepaid expenses and other	(227,989)	(32,005)
Long term prepaid	17,840	-
Accounts payable and accrued liabilities	209,075	(692,401)
Unearned Subscriptions	-	(125,440)
	(90,646)	(1,033,255)

Changes in non-cash working capital impacting cash flows from investing activities were as follows:

Prepaid expenses and other	182,151	-
Accounts payable and accrued liabilities	(28,472)	554,292
	153,679	554,292

Changes in non-cash working capital impacting cash flows from financing activities were as follows:

Taxes receivable, related to share issuance costs	-	(8,704)
Accounts payable and accrued liabilities, related to convertible debenture	(167,458)	7,680
Accounts payable and accrued liabilities, related to share issuance costs	(19,546)	129,535
Accounts payable and accrued liabilities, related to transaction costs	26,063	-
	(160,941)	128,511

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12. SEGMENTED INFORMATION

The Company operates in one segment being the expansion of a medical cannabis facility, and licensed production. All fixed assets, assets in process and intangible assets are located in Canada.

13. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist of cash, investments, accounts payable and accrued liabilities and a convertible debenture. The fair value of accounts payable and accrued liabilities are equivalent to their carrying values given their short maturity period.

(a) Foreign currency risk

As at March 31, 2018, the Company held cash denominated in U.S. dollars of US\$1,538 (US\$1,284 - December 31, 2017). The Company has very limited currency risk as it transacts mainly in Canadian dollars.

(b) Liquidity risk

The Company's approach to managing liquidity is to maintain sufficient liquidity to meet its liabilities when they become due. The Company's accounts payable and accrued liabilities are due within one year of the end of the reporting periods. The December 2017 Convertible Debenture is not due for 1.70 years. As at March 31, 2018, the Company had sufficient resources to meet its outstanding obligations.

(c) Credit risk

The Company's cash is exposed to credit risk, which is the risk that the counterparties to a financial instrument fail to meet its contractual obligations to the Company. The amount of credit risk related to cash is considered insignificant as the Company's funds are held with a Schedule I bank.

(d) Interest rate risk

The Company is not subject to interest rate risk on future cash flows, as all of its instruments bear fixed rates of interest.

14. FAIR VALUE MEASUREMENTS

As at March 31, 2018, the Company's cash balance of \$33,094,652 (December 31, 2017 - \$21,303,886) and the Company's investment in NexGen Energy Ltd. classified as fair value through other comprehensive income (the "Investment") of \$61,665 (December 31, 2016 - \$89,164) are the only assets recorded at fair value. Cash is classified as a Level 1 financial instrument, as is the Investment whose fair value is determined by quoted prices from the Toronto Stock Exchange.

The Company did not record any liabilities at fair value as at March 31, 2018.

The Company did not transfer any assets or liabilities between levels on the fair value hierarchy and has not offset any of its financial assets against its financial liabilities.

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Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. Cash and investment are Level 1. There was no movement between levels during the period. The hierarchy is summarized as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data

Level 3 – inputs for assets and liabilities not based upon observable market data

	March 31, 2018			December 31, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	\$			\$		
Cash	33,094,652	-	-	21,303,886	-	-
Investment	61,665	-	-	89,164	-	-
	33,156,317	-	-	21,393,050	-	-

15. CAPITAL MANAGEMENT

As at March 31, 2018, the Company's capital consisted of \$5,068,973 in convertible debentures and \$35,767,211 in common shares (as at December 31, 2017, \$8,092,903 and \$20,483,947).

The Company is not subject to any externally imposed capital requirements.

The Company's primary objectives in managing its capital are to maintain sufficient levels of capital to complete the construction of the medical marijuana production facility in London, Ontario, to obtain its permit to sell medical marijuana under the ACMPR and to initiate production at the facility, as well as to cover general operating expenditures and sustain future development of the business. The Company achieves its objectives by allocating capital in accordance with Management's strategies and periodically raising capital from investors.

16. COMMITMENTS

The Company has contractual obligations for leases of production and office space under operating leases with terms between 1 and 10 years. The Company also has contractual obligations for contractors, consultants, IT services, facility services and equipment and construction costs with terms remaining of up to four years.

At period end, the Company had future commitments as follows:

	< 1 Year	1 to 5 Years	> 5 Years	Total
	\$	\$	\$	\$
Minimum lease payments	395,276	1,556,991	1,850,654	3,802,921
Other commitments	1,207,642	15,171	-	1,222,813
Total	1,602,918	1,572,162	1,850,654	5,025,734

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Subsequent to period end, the Company entered commitments totalling \$70,362. These commitments are comprised editing and publishing fees of \$44,807, grow equipment purchase of \$20,126, and marketing display materials of \$5,429, all with terms of less than one year.

17. KEY MANAGEMENT COMPENSATION

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. As a group they control approximately 18.98% of the outstanding shares of the Company as at March 31, 2018 (December 31, 2017 – 25.20%).

Key management personnel compensation for the 3 months ended March 31, was as follows:

	2018	2017
	\$	\$
Short-term key management personnel compensation	150,000	119,000
Share-based payments	152,691	42,667

18. RELATED PARTY TRANSACTIONS

During the period ended March 31, 2018, the Company paid \$Nil for legal services to a law firm owned by an Executive of the Company (2017 - \$3,381)

The Company had no other transactions with related parties for the period ended March 31, 2018.

19. SUBSEQUENT EVENTS

On April 19, 2018, the Company announced that it had entered into an agreement, subject to TSX Venture Exchange Approval, with Bhang Corporation ("Bhang") to establish a 50/50 joint venture (the "JV"), managed by the Company, whereby the Company would have exclusive rights to manufacture and sell Bhang products in Canada, and the right to export those products internationally, as well as investing US\$1,000,000 to acquire a 4.9% equity interest on a fully-diluted basis of Bhang's common shares. Indiva has committed to investing US\$5,000,000 in building cannabis processing infrastructure as part of this JV.

On April 26, 2018, the Company announced that it has entered into an agreement, subject to TSX Venture Exchange Approval, with DeepCell Industries to acquire exclusive licensing rights to manufacture and sell DeepCell's complete line of products in Canada, as well as investing US\$1,500,000 to acquire a 15% equity interest in DeepCell's stock.

On May 30, 2018, the Company granted 350,000 stock options to executives and employees with an exercise price of \$0.80 per common share and a five year life.