

Are you ready for cannabis infused chocolate Canada?

On October 17, only dried and fresh cannabis, oil, plants and seeds were allowed under the cannabis legislation in Canada. The government has said edibles containing cannabis and cannabis concentrates should be legal on or before Oct. 17, 2019. The legal recreational cannabis industry is still only 7 months old, but even in this short time of sorting permits and licensing across provinces, several new products are starting to emerge in preparation for these new markets. I am sure every pastry cook or baker must be excited by this particular one, cannabis infused dark chocolate.

Indiva Limited (TSXV: NDVA | OTCQX: NDVAF) is a Canadian supplier of high quality, medical grade and adult-use cannabis. Their offerings include variety of cannabis products including dry flowers, oils and concentrates that are available at the Ontario Cannabis Store. Indiva will be offering edibles when legislation permits.

Indiva's extraction operation update

Indiva has previously announced it is working with Lucid Lab Group to design, construct and commission an ethanol based extraction operation at Indiva's facility in London, Ontario. Indiva reported that the design is now complete. The expected result is an annual biomass capacity of some 70 tonnes resulting in a distillate capacity of over 4 million grams. This extraction capacity also opens the door to the possibility of producing distillate for licensed third parties through partnerships or joint-ventures which could add a substantial revenue stream to Indiva's business. Prior to the construction of the facility, Indiva signed a 3 year revenue sharing agreement with MediPharm Labs Inc., where Indiva would supply MediPharm with dried cannabis for the purpose of

creating cannabis oil. By branching out into extraction in their own facility, Indiva may have positioned itself to better protect its margins throughout the life cycle of the marijuana industry.

Indiva's 2019 plans

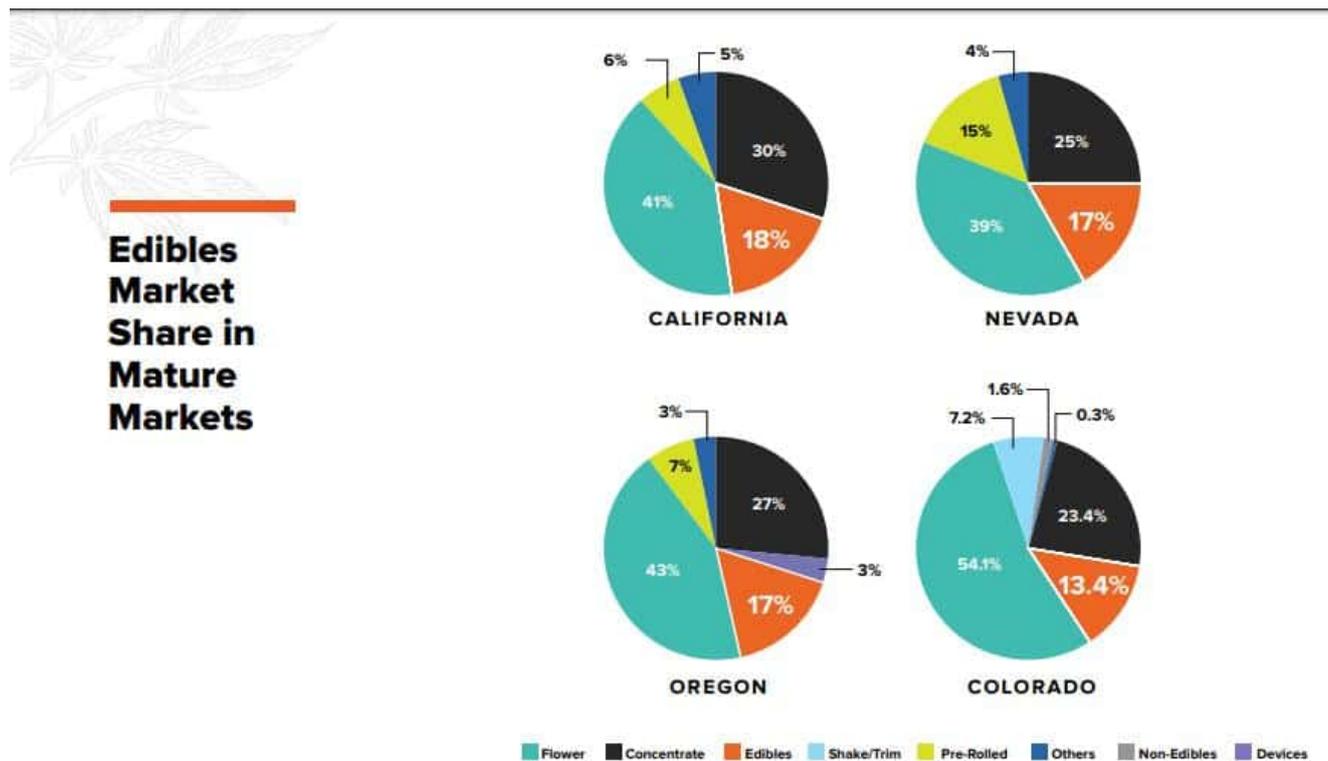


Niel Marotta, President and CEO of Indiva said: "Indiva's plan to perform extraction on site in order to complement third party extraction services is founded in our commitment to provide high quality oils, concentrates and edibles to our patients and clients when permitted under Canadian law. We are delighted with the work Lucid Lab Group has completed, and the tremendous excess extraction capacity opens the door to several options to grow our revenue base and lower our unit costs."

Indiva to expand their product offering

As marijuana laws continue to liberalize internationally, Indiva will expand their product offering to include more safe edibles and other client friendly cannabis products. In Canada, Indiva will produce and distribute Ruby Cannabis Sugar, Sapphire Salt, Ruby Gems, as well as award winning

Bhang Chocolate and other derivative products through license agreements and joint-ventures respectively. With the expected legalization in many US states and many other Countries, Indiva will continue to use its Canadian operations as a platform to open new markets for its cannabis products. The chart shows edibles are a significant portion of the cannabis market.



Edibles are shown in orange

With so many players expected to be a of part of the cannabis market it might not be the well known companies or even the largest that stand out from the pack. It may well be the most innovative and interesting producers that become the leaders in this industry, and what is more innovative and interesting than cannabis edibles and chocolates.

The legal cannabis industry is growing and it is growing fast. Thinking outside of the box will lead to greater consumer innovation and products developed. It should be an interesting few years as we see these new products add value to both the company and shareholders.