



(SUBSEQUENTLY RENAMED INDIVA LIMITED)

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
OCTOBER 31, 2017 and 2016**

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rainmaker Resources Ltd.

We have audited the accompanying financial statements of Rainmaker Resources Ltd., which comprise the statements of financial position as at October 31, 2017 and 2016, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Rainmaker Resources Ltd. as at October 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2c) in the financial statements which indicates that Rainmaker Resources Ltd. had continuing losses during the year ended October 31, 2017, and a working capital deficiency and a cumulative deficit as at October 31, 2017. These conditions along with other matters set forth in Note 2 indicate the existence of material uncertainties which cast significant doubt about the ability of Rainmaker Resources Ltd. to continue as a going concern.

UHY McGovern Hurley LLP



Chartered Accountants
Licensed Public Accountants

Toronto, Canada
February 28, 2018

RAINMAKER RESOURCES LTD
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	OCTOBER 31, 2017	OCTOBER 31, 2016
ASSETS		
Current Assets		
Cash	\$ 27,981	\$ 40,201
Restricted Cash (Note 18)	7,044,820	-
Amounts receivable	-	-
Prepaid expenses	-	8,250
Total Current Assets	7,072,801	48,451
Investments (Note 5)	67,221	-
Exploration and Evaluation Assets (Note 6)	-	209,434
Total Assets	\$ 7,140,022	\$ 257,885
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 7 & 10)	\$ 56,428	\$ 80,835
Subscription receipts (Note 18)	7,044,820	-
Convertible debentures (Note 8)	-	68,364
Total Liabilities	7,101,248	149,199
Shareholders' Equity		
Share capital (Note 8)	11,797,380	11,549,380
Contributed surplus (Notes 8 & 9)	1,805,044	1,738,947
Accumulated deficit	(13,563,650)	(13,179,641)
Total Shareholders' Equity	38,774	108,686
Total Liabilities and Shareholders' Equity	\$ 7,140,022	\$ 257,885

Nature of operations and going concern (Notes 1 & 2)
Commitments and contingencies (Notes 16 & 17)
Subsequent events (Note 19)

These financial statements were approved and authorized for issue on behalf of the Board of Directors on February 28, 2018 by:

"Carmine Marotta"
Chief Executive Officer

"James Yersh"
Director

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

RAINMAKER RESOURCES LTD
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	YEAR ENDED OCTOBER 31,	
	2017	2016
Expenses		
Advertising and shareholder relations	\$ 2,621	\$ 4,311
Consulting fees (Note 10)	86,814	152,321
Filing and transfer fees	12,840	13,888
Foreign exchange loss	-	3,559
Impairment of exploration and evaluation assets (Note 6)	209,433	-
Management fees	-	20,700
Office and sundry	7,368	4,950
Professional fees (Note 10)	57,324	34,515
Property investigation (Note 10)	-	442
Share-based payments (Note 9)	54,097	63,200
Travel and entertaining	-	10,950
Total expenses	430,497	308,836
Loss before other items	(430,497)	(308,836)
Other items		
Accretion of debt discount (Note 7)	-	(7,143)
Interest income	-	20
Accretion expense	(4,770)	-
Write-off of uncollectible accounts	(15,962)	-
Unrealized loss on investments held	(16,110)	-
Reversal of impairment of exploration and evaluation assets (Note 6)	83,330	-
Total other items	46,488	(7,123)
Net Loss and Comprehensive Loss For The Year	\$ (384,009)	\$ (315,959)
Basic and Diluted Loss Per Share	\$ (0.03)	\$ (0.03)
Weighted Average Number Of Shares Outstanding	11,968,143	6,489,005

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

RAINMAKER RESOURCES LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED OCTOBER 31, 2017 AND 2016
(Expressed in Canadian Dollars)

	SHARE CAPITAL		SUBSCRIPTIONS RECEIVABLES	CONTRIBUTED SURPLUS	ACCUMULATED DEFICIT	TOTAL SHAREHOLDERS' EQUITY
	SHARES	AMOUNT				
Balance, October 31, 2015	4,985,508	\$ 11,426,212	\$ (39,502)	\$ 1,520,744	\$ (12,863,682)	\$ 43,772
Share subscriptions received	-	-	39,502	-	-	39,502
Units issued for cash at \$0.07	2,885,200	105,039	-	96,925	-	201,964
Share issue costs	-	(31,244)	-	7,099	-	(24,145)
Share based compensation	-	-	-	63,200	-	63,200
Shares issued for exploration and evaluation property	500,000	42,500	-	-	-	42,500
Units issued for cash at \$0.09	933,325	43,845	-	40,155	-	84,000
Share issue costs	-	(36,972)	-	6,054	-	(30,918)
Convertible debentures issued for cash	-	-	-	4,770	-	4,770
Net loss for the year	-	-	-	-	(315,959)	(315,959)
Balance, October 31, 2016	9,304,033	11,549,380	-	1,738,947	(13,179,641)	108,686
Shares issued for cash at \$0.05	5,200,000	260,000	-	-	-	260,000
Warrants to be issued	-	(12,000)	-	12,000	-	-
Share based compensation	-	-	-	54,097	-	54,097
Net loss for the year	-	-	-	-	(384,009)	(384,009)
Balance, October 31, 2017	14,504,033	\$ 11,797,380	\$ -	\$ 1,805,044	\$ (13,563,650)	\$ 38,774

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

RAINMAKER RESOURCES LTD
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	YEAR ENDED	
	OCTOBER 31,	
	2017	2016
Cash Flows (Used In) Operating Activities		
Net loss for the year	\$ (384,009)	\$ (315,959)
Items not affecting cash:		
Finance fees	-	7,143
Accretion of long term debt	4,406	-
Share-based compensation	54,097	63,200
Impairment of exploration and evaluation assets	209,433	-
Reversal of impairment of exploration and evaluation assets	(83,330)	-
Write-off of uncollectible accounts	15,962	-
Unrealized loss on investments held	16,110	-
Changes in non-cash working capital items:		
Amounts receivable	-	10,777
Prepaid expenses	8,250	11,750
Accounts payable and accrued liabilities	(40,369)	(3,209)
Cash Outflows (Used In) Operating Activities	(199,450)	(226,298)
Cash Flows Provided by Financing Activities		
Shares issued for cash	260,000	325,465
Share issuance costs	-	(55,062)
Restricted cash received from subscription receipts	7,044,820	-
Proceeds from issuance of convertible debentures	-	72,770
Repayment of loan payable	-	(55,000)
Extinguishment of convertible debentures	(72,770)	-
Cash Provided by Financing Activities	7,232,050	288,173
Cash Flows (Used In) Investing Activities		
Exploration and evaluation assets	-	(166,933)
Cash (Used In) Investing Activities	-	(166,933)
Increase In Cash For The Year	7,032,600	(105,058)
Cash, Beginning Of Year	40,201	145,259
Total Cash, End Of Year	\$ 7,072,801	\$ 40,201
Cash	\$ 40,201	\$ 40,201
Restricted Cash	\$ 7,044,820	\$ -
Total Cash	\$ 7,072,801	\$ 40,201

Supplemental cash flow information – (Note 15)

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

RAINMAKER RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2017 AND 2016
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Rainmaker Resources Ltd.'s (the "Company" or "Rainmaker") business activity is the exploration and evaluation of mineral properties. The Company was incorporated as "Thunder Sword Resources Inc." on September 13, 1979 in 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 September 4, 2015, the Company consolidated its common shares on a 1 new share for 8.5 old shares basis and changed its symbol from RMG-V to RIR.V. On December 15, 2017 as part of the reverse takeover with Indiva Corporation ("Indiva") the Company changed its name to Indiva Limited. The Company consolidated its old shares on a 10.878 pre-consolidation common shares to 1 post-consolidated shares basis. It also changed its ticker symbol to TSX-V: NDVA. (See Note 19)

The address and the place of business of the Company is 1 Adelaide East, Suite 801, Toronto, Ontario, Canada.

The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The recoverability of the amounts shown for exploration and evaluation assets and property and equipment is dependent upon the Company obtaining the necessary financing to complete the exploration and evaluation properties, the discovery of economically recoverable reserves and future profitable operations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, indigenous claims, and noncompliance with regulatory, environmental and social requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements were authorized for issue by the Board of Directors on February 28, 2018.

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial

RAINMAKER RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS
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2. BASIS OF PRESENTATION (Continued)

statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company is the Canadian dollar, being the currency of the economic environment of the Company's operations. The functional currency is also the presentation currency.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. See Note 4 for Critical Accounting Estimates and Judgments made by management in the application of IFRS.

c) Going Concern of Operations

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

As of October 31, 2017, the Company has not achieved profitable operations, has an accumulated deficit of \$13,563,650, a working capital deficit of \$28,447, and expects to incur further losses as it transitions from its current operations into the post reverse takeover ("RTO") operations of the medical marijuana business. The Company's primary purpose is now to complete the RTO with Indiva and carry on the medical cannabis business of Indiva. As of October 31, 2017, the Company has ceased all mining operations and has begun the process of divesting itself of any mining assets in order to shift its focus to the Indiva RTO. As of December 15, 2017 the Company completed the RTO along with accompanying equity and debt offerings. (See Notes 18 & 19)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements, unless otherwise indicated.

a) Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the year-end date, unsettled monetary assets and liabilities are translated into

RAINMAKER RESOURCES LTD
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(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses on non-monetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at a fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

b) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes. As of October 31, 2017 and 2016, the Company had no cash equivalents.

c) Mineral Exploration and Evaluation Expenditures

Pre-exploration costs

Pre-exploration costs are expensed in the year they are incurred.

Exploration and Evaluation Expenditures

Once a legally binding contract to explore a property has been executed with an effective date finalized, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, and payments made to contractors during the exploration phase. Costs not directly attributed to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration for an agreement by the transferee to meet certain expenditures during the exploration phase. The Company does not record any expenditures made by the farmee on its behalf. Any cash considerations received from the agreement is credited against the costs previously capitalized to the mineral

RAINMAKER RESOURCES LTD
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Mineral Exploration and Evaluation Expenditures (Continued)

interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have a commercially viable prospect to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income. The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs. Mineral exploration and evaluation expenditures are classified as intangible assets.

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial Instruments

Financial Assets

Financial assets are classified based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy is as follows:

Loans and Receivables

Loans and receivables are comprised of cash and other amounts receivable excluding GST. These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Fair value through profit and loss

Fair value through profit and loss comprises of investments. This category comprises derivatives or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are initially and subsequently recorded at fair value with changes in fair value recognized in profit or loss for the period.

Impairment of Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise trade and other payables and accrued liabilities, convertible debentures, and loan payable. Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context

RAINMAKER RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial Instruments (Continued)

includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

e) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

As at October 31, 2017 and 2016, there were no material rehabilitation provisions to be recognized.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure to settle the obligation at the reporting date.

f) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

RAINMAKER RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Income Taxes (continued)

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit nor loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

g) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, on the proceeds.

h) Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year. Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Potentially dilutive common shares related to warrants, finder's warrants and options outstanding totaling 7,505,133 at October 31, 2017 (2016 – 6,702,438) were not included in the computation of loss per share because their effect was anti-dilutive.

i) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

RAINMAKER RESOURCES LTD
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Share-based Payments (Continued)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of options, measured immediately before and after the modification, is also charged to the statement of loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in net loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods and services received in the statement of loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in contributed surplus until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, together with any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

j) Compound Instruments

Compound financial instruments comprise convertible debentures that can be converted into common shares at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

RAINMAKER RESOURCES LTD
NOTES TO THE FINANCIAL STATEMENTS
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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) New Standards, Amendments and Interpretations

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on November 1, 2017 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company has not yet considered the potential impact of the adoption of IFRS 9.

IFRS 2 – Share-based Payment (“IFRS 2”) was amended by the IASB in June 2016 to clarify the accounting for cash settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration (“IFRIC 22”) was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognized in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) New Standards, Amendments and Interpretations

concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

During the year ended October 31, 2017, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS 7 and IAS 12. These new standards and changes did not have any material impact on the Company's financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amounts capitalized are written off to net income in the period the new information becomes available.

ii) Impairment

At each reporting period, assets, specifically exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the carrying amount often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

iii) Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

iii) Income, value added, withholding and other taxes (Continued)

of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

iv) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and applicable non-employees by reference to the fair value of the equity instruments at the date at which they are vested. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, risk-free interest rates, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-base payment transactions are disclosed in these financial statements.

v) Contingencies

See Note 16.

5. INVESTMENTS

The investment consists of shares of Nexgen Energy Ltd. obtained as consideration for the sale of the Company's interest in the Dufferin Lake Property (Note 6a). The shares are designated as financial assets at fair value through profit and loss and as such are recorded at fair value with any resultant gain or loss recognised in profit or loss. The fair value of these shares is based on the closing quoted market price on the last market day of the financial year. The shares are subject to a hold period of four months plus a day.

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6. EXPLORATION AND EVALUATION ASSETS

	BALANCE OCTOBER 31, 2016	ADDITIONS	IMPAIRMENT REVERSALS (WRITE-OFFS)	SALE	BALANCE OCTOBER 31, 2017
Property Acquisition Costs					
Dufferin Lake Property (Sask.)	\$ 1	\$ -	\$ 83,330	\$ (83,331)	\$ -
Sarcobatus Flats Lithium Property (Nevada) (b)	177,035	-	(177,035)	-	-
	177,036	-	(93,705)	(83,331)	-
Deferred Exploration Expenditures					
Sarcobatus Flats Lithium Property (Nevada) (b)	32,398	-	(32,398)	-	-
	32,398	-	(32,398)	-	-
Total	\$ 209,434	\$ -	\$ (126,103)	\$ (83,331)	\$ -

	BALANCE OCTOBER 31, 2015	ADDITIONS	IMPAIRMENT REVERSALS (WRITE-OFFS)	SALE	BALANCE OCTOBER 31, 2016
Property Acquisition Costs					
Dufferin Lake Property (Sask.)	\$ 1	\$ -	\$ -	\$ -	\$ 1
Sarcobatus Flats Lithium Property (Nevada) (b)	-	177,035	-	-	177,035
	1	177,035	-	-	177,036
Deferred Exploration Expenditures					
Sarcobatus Flats Lithium Property (Nevada) (b)	-	32,398	-	-	32,398
	-	32,398	-	-	32,398
Total	\$ 1	\$ 209,433	\$ -	\$ -	\$ 209,434

a) Dufferin Lake Property (Saskatchewan)

The Company held a 12.5% interest in the five claims as of October 31, 2016.

As of September 8, 2017, Rainmaker signed a purchase agreement to sell its remaining interest in Dufferin Lake to NexGen Energy Ltd.

NexGen Energy Ltd. issued 27,777 common shares valued at \$83,331 - based on the quoted market value at the time of closing - in consideration for Rainmaker's remaining interest in the Dufferin Lake property. As such, a reversal of impairment in that amount was recorded.

Selling the property was a strategic decision by Rainmaker as part of its efforts to divest itself of its existing mining assets and ceasing its mining operations in order to shift its focus onto the Indiva RTO and carry on the medical cannabis business of Indiva.

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6. EXPLORATION AND EVALUATION ASSETS (Continued)

b) Sarcobatus Flats Lithium Property (Nevada)

On June 8, 2016, the Company entered into an option agreement with Utah Mineral Resources LLC, to earn an undivided 100% interest in the Sarcobatus Flats lithium property, located in Nye County, Nevada.

Under the terms of the option agreement, Rainmaker could earn its 100% interest in the property by undertaking the following:

- i) Issuing common shares of the Company valued at US\$35,000 (\$42,500) within seven days of the Company receiving all necessary approvals from the TSX-V – (issued during the year ended October 31, 2016),
- ii) Paying US\$75,000 in cash or shares of the Company at the first anniversary,
- iii) Paying US\$100,000 in cash or shares of the Company at the second anniversary,
- iv) Paying US\$150,000 in cash or shares of the Company at the third anniversary, and
- v) Incurring no less than US\$50,000 on exploration of the property in each of the first three years of the agreement.

The agreement was subject to a 2% Net Smelter Royalty, 50% of which could be purchased by the Company for US\$1,000,000 before the fifth anniversary of the agreement. Additionally, during the year ended October 31, 2016, the Company acquired by staking additional 186 mineral claims adjacent to the underlying property for \$134,535, and incurred exploration costs of \$32,898.

During the year ended October 31, 2017, the Company terminated this option agreement in order to shift its focus onto the Indiva RTO and carry on the medical cannibus business of Indiva.

7. LOAN PAYABLE

	OCTOBER 31, 2017	OCTOBER 31, 2016
Balance, beginning of year	\$ -	\$ 48,221
Accretion of debt discount	-	6,779
Repayment of loan	-	(55,000)
Balance, end of year	<u>\$ -</u>	<u>-</u>

During the year ended October 31, 2016, the Company repaid an aggregate of \$55,000 of the principal and \$2,130 of accrued interest.

During the year end October 31 2016, the Company recorded accretion of debt discount expense in the amount of \$6,779 and interest expense of \$2,130, pursuant to the loan agreement.

At October 31, 2017, accounts payable includes \$Nil (October 31, 2016 - \$Nil) of accrued interest.

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8. SHARE CAPITAL

a) Authorized:

Unlimited number of common shares without par value
Unlimited number of preference shares without par value
No preferred shares have been issued to date

b) Issued and Outstanding:

Common Shares

During the year ended October 31, 2017, the Company undertook the following share transactions:

On April 27, 2017, the Company closed a non-brokered private placement consisting of 5,200,000 common shares at a price of \$0.05 per common share for aggregate gross proceeds of \$260,000. No cash finder's fees were paid in connection with the private placement. The Company has agreed to issue another 325,712 broker warrants at a price of \$0.05 for 5 years. The grant date is April 27, 2017. The warrants have a grant date fair value of \$12,000, calculated using the Black-Scholes valuation model with the following assumptions: risk free interest rate of 1%; expected life of 5 years; expected volatility of 148%; expected dividend yield of 0% and expected forfeiture rate of nil. Related party subscriptions include the following amounts: Healex Consulting Ltd. subscribed for 308,600 shares, Daniel Vinegar subscribed for 100,000 shares and Isaac Maresky subscribed for 720,000 shares.

On April 27, 2017, \$72,770 of convertible debentures were extinguished using a portion of the proceeds raised in the April 27, 2017 non-brokered private placement.

During the year ended October 31, 2016, the Company undertook the following share transactions:

- i) On September 27, 2016, the Company completed a non-brokered private placement financing totaling \$156,770. 933,325 units were sold at a price of \$0.09 per unit, each Unit consisting of one common share and one share purchase warrant. Each share purchase warrant is exercisable to purchase one additional common share of the company, at an exercise price of \$0.115 for a five-year period. The warrants have a fair value of \$40,155, calculated using the Black-Scholes valuation model with the following assumptions: risk free interest rate of 0.76%; expected life of 5 years; expected volatility of 171%; expected dividend yield of 0% and expected forfeiture rate of nil.
- ii) Additionally, \$72,770 was raised through convertible debentures exercisable into 632,782 common shares and 632,782 common share purchase warrants at \$0.115 for a period of 5 years, with maturity being one year from issuance. The debentures bear a coupon of 12% payable in shares at the Company's discretion. In accordance with IFRS, the Company has separated the convertible debentures into debt and equity components on the statements of financial position using the residual method.

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8. SHARE CAPITAL (Continued)

b) Issued and Outstanding (Continued):

The equity component represents the value of the conversion feature and is the difference between the estimated fair value of the liability component and the proceeds received of \$72,770. The net present value of the liability component of the convertible debentures has been estimated using an effective interest rate of 20%. The convertible debentures are accreted such that the carrying amount of the convertible debenture will equal the face value of the convertible debenture at maturity. The accretion on the convertible debentures is included in interest expense in the statements of loss and comprehensive loss. The rate of 20% used in estimating the value of the liability component of the convertible debentures and used to apply the effective interest rate method to the convertible debentures is based on significant management estimation.

In settlement of finder's fees associated with this closing, the Company paid cash commissions aggregating \$20,000 and issued 139,350 finder's warrant units with a fair value of \$6,054 calculated using the Black-Scholes valuation model with the following assumptions: risk free interest rate at 0.76%; expected life of 5 years; expected volatility of 171%; expected dividend yield 0% and expected forfeiture rate Nil. The finders warrant units are exercisable into one common share of the Company for \$0.09 and an additional common share purchase warrant exercisable into one common share of the Company for \$0.115 until September 27, 2021. The Company also incurred other share issuance costs comprising legal and regulatory fees aggregating \$10,918.

- iii) On May 27, 2016, the Company completed a non-brokered private placement of 2,885,200 units at \$0.07 per unit for gross proceeds of \$201,964. Each unit consists of one common share of the company and one share purchase warrant. Each share purchase warrant is exercisable to purchase one additional common share of the company, at an exercise price of \$0.08 per share until May 27, 2021. The Units are subject to a four month hold period expiring September 28, 2016. The warrants have a fair value of \$96,925, calculated using the Black-Scholes valuation model with the following assumptions: risk free interest rate of 0.79%; expected life of 5 years; expected volatility of 172%; expected dividend yield of 0% and expected forfeiture rate of nil.

In settlement of finder's fees associated with this closing the Company paid cash commissions aggregating \$16,157 and issued 210,344 Finder's Warrant units that are convertible into 1 common share at \$0.07 and a common share purchase warrant convertible into common share at \$0.08. The fair value of these Finder's Warrant units of \$7,099 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate at 0.79%; expected life of 5 years; expected volatility of 172%; expected dividend yield of 0.00% and expected forfeiture rate of nil. The Company also incurred other share issuance costs comprising legal and regulatory fees aggregating \$7,988.

- iv) On July 21, 2016, the Company issued 500,000 common shares with a fair value of \$42,500 pursuant to the Sarcobatus Flats Lithium Property Agreement (Note 6).

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8. SHARE CAPITAL (Continued)

c) Share Purchase Warrants

A summary of changes in share purchase warrants for years ended October 31, 2017 and 2016 is presented below:

	YEAR ENDED OCTOBER 31, 2017		YEAR ENDED OCTOBER 31, 2016	
	NUMBER	WEIGHTED AVG. EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	5,705,349	\$ 0.10	2,333,779	\$ 0.41
Issued	-	-	3,818,531	0.08
Expired	-	-	(446,961)	(1.70)
Balance, end of year	<u>5,705,349</u>	<u>\$ 0.10</u>	<u>5,705,349</u>	<u>\$ 0.10</u>

As at October 31, 2017, share purchase warrants were outstanding for the purchase of common shares as follows:

NUMBER OF WARRANTS	EXERCISE PRICE PER WARRANT	NUMBER EXERCISABLE AT OCTOBER 31, 2017	EXPIRY DATE
1,886,818	\$ 0.10	1,886,818	October 28, 2020
2,885,200	\$ 0.08	2,885,200	May 27, 2021
933,331	\$ 0.115	933,331	September 27, 2021
<u>5,705,349</u>	<u>\$ 0.10</u>	<u>5,705,349</u>	

d) Finder's Units

A summary of changes in finder's units for the years ended October 31, 2017 and 2016 is presented below:

	YEAR ENDED OCTOBER 31, 2017		YEAR ENDED OCTOBER 31, 2016	
	NUMBER	WEIGHTED AVG. EXERCISE PRICE	NUMBER	WEIGHTED AVG. EXERCISE PRICE
Balance, beginning of year	498,539	\$ 0.08	148,945	\$ 0.10
Issued	-	-	349,594	0.08
Expired	-	-	-	-
Balance, end of year	<u>498,539</u>	<u>\$ 0.08</u>	<u>498,539</u>	<u>\$ 0.08</u>

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8. SHARE CAPITAL (Continued)

d) Finder's Units (Continued)

As at October 31, 2017, finder's units were outstanding for the purchase of common shares as follows:

NUMBER OF WARRANTS	PRICE PER WARRANT UNIT	NUMBER EXERCISABLE AT OCTOBER 31, 2017	EXPIRY DATE
148,945	\$ 0.10	148,945	October 28, 2020
210,244	\$ 0.07	210,244	May 27, 2021
139,350	\$ 0.09	139,350	September 27, 2021
498,539	0.08	498,539	

e) Finder's Warrants

A summary of changes in finder's warrants for years ended October 31, 2017 and 2016 is presented below:

	YEAR ENDED OCTOBER 31, 2017		YEAR ENDED OCTOBER 31, 2016	
	NUMBER	WEIGHTED AVG. EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	-	\$ -	-	\$ -
Issued	325,712	0.05	-	-
Expired	-	-	-	-
Balance, end of year	325,712	\$ 0.05	-	\$ -

As at October 31, 2017, share finder's warrants were outstanding for the purchase of common shares as follows:

NUMBER OF WARRANTS	EXERCISE PRICE PER WARRANT	NUMBER EXERCISABLE AT OCTOBER 31, 2017	EXPIRY DATE
325,712	\$ 0.05	325,712	April 27, 2022
325,712	\$ 0.05	325,712	

The estimated fair value of the finder's warrants is \$12,000 estimated using the Black-Scholes model with the following assumptions:

Risk free interest rate	1%
Expected life	5 years
Expected volatility	148%
Expected dividend yield	Nil
Fair value of options issued	\$0.047

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8. SHARE CAPITAL (Continued)

f) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's Statement of Financial Position include 'Contributed Surplus' and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants and share purchase warrants prior to exercise.

'Accumulated Deficit' is used to record the Company's change in deficit from earnings year to year.

9. SHARE-BASED PAYMENTS

Stock Options

Effective March 31, 2014, the Company adopted a new stock option plan. The plan provides for the grant of non-transferable incentive stock options for up to 10% of the issued and outstanding common shares to employees, directors and officers of the Company. Options are granted for a term not to exceed five years from the date of grant. Vesting of options and the right to adjust the exercise period of the options shall be at the complete discretion of the board. Unless otherwise stated, the options fully vest when granted.

During the year ended October 31, 2017, the Corporation announced that it had issued 1,151,000 options to various executives, directors and consultants of the Corporation, in accordance with the Corporation's approved option plan. Each option is exercisable into one common share at \$0.07 per common share for a period of 5 years. The Company determined the estimated fair value of the options granted using the Black-Scholes stock option valuation model to be \$54,097.

During the year ended October 31, 2016, the Company granted 498,550 options which vested immediately. The Company determined the estimated fair value of the options granted, using the Black-Scholes stock option valuation model to be \$63,200.

A summary of changes in stock options for the year ended October 31, 2017 and the year ended October 31, 2016 is presented below:

	YEAR ENDED OCTOBER 31, 2017		YEAR ENDED OCTOBER 31, 2016	
	NUMBER	WEIGHTED AVG. EXERCISE PRICE	NUMBER	WEIGHTED AVG. EXERCISE PRICE
Balance, beginning of year	498,550	0.135	47,060	1.275
Granted	1,151,000	0.07	498,550	0.135
Forfeited	(199,360)	0.135	(47,060)	(1.275)
Balance, end of year	<u>1,450,190</u>	<u>0.08</u>	<u>498,550</u>	<u>0.135</u>

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9. SHARE-BASED PAYMENTS (Continued)

The options forfeited were from previous directors that resigned and did not exercise their options within the 90 day grace period. As per the options agreement. The breakdown of the forfeited options is as follows: Bev Funston (former director) – 99,680, Rahoul Shahan (former director) – 99,680.

As at October 31, 2017, options were outstanding for the purchase of common shares as follows:

NUMBER OF SHARES	PRICE PER SHARE	NUMBER EXERCISABLE AT OCTOBER 31, 2017	EXPIRY DATE
299,190	\$ 0.135	299,190	November 19, 2020
1,151,000	0.07	1,150,000	April 27, 2022
<u>1,450,190</u>	<u>\$ 0.08</u>	<u>1,450,190</u>	

At October 31, 2017, the weighted average remaining life of the above options is 4.61 years.

The fair value of each stock option issued is estimated on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions:

	YEAR ENDED OCTOBER 31, 2017	YEAR ENDED OCTOBER 31 2016
Risk free interest rate	1%	0.094%
Expected life	5 years	5 years
Expected volatility	148%	174%
Expected forfeiture	Nil	Nil
Expected dividend yield	Nil	Nil
Fair value of options issued	<u>\$0.06</u>	<u>\$0.13</u>

10. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

At October 31, 2017, accounts payable includes \$Nil (October 31, 2016 - \$14,700) owing to Healex Consulting Ltd. a company controlled by Chris Healey, a director, for services rendered; and \$5,500 (October 31, 2016 - \$1,500) to Isaac Maresky, a director, for services rendered. The amounts payable are non-interest bearing, unsecured and have no specific terms of repayment.

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10. RELATED PARTY TRANSACTIONS (Continued)

During the year ended October 31, 2017 and 2016, the Company also incurred the following expenses charged by directors, officers or companies controlled by the directors or officers:

- a) Paid or accrued consultancy and professional fees of \$6,505 (2016 - \$24,250) to Chris Healey and/or Healex Consulting Ltd, a company controlled by Chris Healey.
- b) Paid consultancy fees of \$1,500 (2016 - \$8,000) to Bev Funston, a former director.
- c) Paid or accrued consultancy fees of \$40,568 (2016 - \$8,000) to Isaac Maresky, a director.
- d) Accrued Broker Warrants of \$6,000 (2016 – Nil) to Isaac Maresky, a director.
- e) Paid or accrued consultancy fees of \$75 (2016 - \$4,000) to Daniel Caamano, a director.
- f) Paid or accrued professional fees of \$Nil (2016 - \$7,850) to M.G. Wright Inc, a company controlled by Matthew Wright, a former officer of the Company.
- g) Recorded share based payments in the amount of \$54,097 (2016 - \$63,200) being the valuation of options granted to directors and officers in the year.
- h) Paid or accrued expense reimbursements for mining conference fees and advertisements of \$2,621 (2016 - \$Nil) to Chris Healey and/or Healex Consulting Ltd, a company controlled by Chris Healey

	OCTOBER 31	
	2017	2016
Balance Sheet Items		
Consulting fees capitalized into exploration and evaluation assets	\$ -	\$ 3,750
Statement of Operations Items		
Consulting	\$ 48,648	\$ 59,575
Property investigation	-	363
Professional fees	-	11,865
Advertising and shareholder relations	2,621	-
Share-based payments	54,097	63,200
	\$ 105,366	\$ 135,003

11. CAPITAL DISCLOSURES

The Company's primary purpose is to complete the RTO with Indiva. The directors have not established a quantitative return on capital criteria for capital management.

The Company considers the items included in the Statement of Changes in Equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders.

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11. CAPITAL DISCLOSURES (Continued)

The Company did not make any changes to the Company's approach to capital management during the year ended October 31, 2017 and the year ended October 31, 2016.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of October 31, 2017, the Company may not be compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Financial assets measured at fair value on a recurring basis:

	FAIR VALUE INPUT LEVEL	AS AT OCTOBER 31, 2017		AS AT OCTOBER 31, 2016	
		CARRYING AMOUNT	ESTIMATED FAIR VALUE	CARRYING AMOUNT	ESTIMATED FAIR VALUE
Financial Assets:					
Cash	1	\$ 27,981	\$ 27,981	\$ 40,201	\$ 40,201
Restricted Cash	1	\$ 7,044,820	\$ 7,044,820	\$ -	\$ -
Investments	1	\$ 67,221	\$ 67,221	\$ -	\$ -

Due to the relatively short-term liquidity of accounts payable and accrued liabilities and loan payable, the fair value of these instruments approximate their carrying values.

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

a) Credit Risk

The Company's credit risk is primarily attributable to cash. Cash is held with one reputable Canadian chartered bank which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2017 the Company held cash and restricted cash of \$7,072,801 (October 31, 2016 - \$40,201) and had current liabilities of \$7,101,248 (October 31, 2016 - \$80,835). The Company expects to discharge its commitments as they come due from its existing cash balances and with funds to be raised through private placements, shares for debt, loans and related party loans.

c) Market Risk

i) Interest Rate Risk

The Company has cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

ii) Foreign Currency Risk

The Company's functional currency and the reporting currency is the Canadian dollar. Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes. The Company has determined its foreign exchange risk at October 31, 2017 and 2016 is immaterial.

As at October 31, 2017, a 1% strengthening in the USD relative to the CDN\$ does not have a significant impact on the net loss for the year or the future estimated cash flows arising to complete the acquisition of the property.

iii) Commodity Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

13. SEGMENT REPORTING

The Company will carry on the medical cannabis business of Indiva following the completion of the RTO.

14. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2016 – 26.5%) were as follows:

	2017	2016
(Loss) before income taxes	\$ (384,009)	\$ (315,959)
Expected income tax recovery based on statutory rate	(102,000)	(84,000)
Adjustment to expected income tax benefit:		
Expenses not deductible for tax purposes	(2,000)	11,000
Other	2,000	(1,000)
Change in tax rates	-	(37,000)
Change in benefit of tax assets not recognized	102,000	111,000
Deferred income tax provision (recovery)	-	-

b) Deferred Income Tax

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2017	2016
Non-capital loss carry-forwards	\$ 3,543,000	\$ 3,338,000
Share issue costs	71,000	99,000
Mineral property costs	4,375,000	4,165,000
	\$ 7,989,000	\$ 7,602,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

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14. INCOME TAXES (Continued)

As at October 31, 2017, the Company had estimated non-capital losses for Canadian income tax purposes of approximately \$3,543,000 (2016 - \$3,338,000) available to use against future taxable income. The non-capital losses expire as follows:

2026	\$	331,000
2027		408,000
2028		388,000
2029		178,000
2030		172,000
2031		109,000
2032		116,000
2033		83,000
2034		853,000
2035		410,000
2036		284,000
2037		211,000
	\$	3,543,000

15. SUPPLEMENTAL CASH FLOW INFORMATION

	Year Ended October 31	
	2017	2016
Supplemental Disclosure Of Cash Flow Information		
Interest paid	\$ -	\$ 2,130
Income taxes paid	\$ -	\$ -
Supplementary disclosures for Non-Cash Financing and Investing Activities		
Value of finder's warrants issued as share issue costs	\$ 12,000	\$ 13,153
Value of common shares issued for exploration and evaluation property	\$ -	\$ 42,500
Restricted cash received for subscription receipts (Note 18)	\$ 7,044,820	\$ -

16. CONTINGENCIES

Environmental

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations.

17. COMMITMENTS

The Company had an expired commitment as per a fiscal advisory agreement dated November 1, 2015, which was extended until November 1, 2016. The Company expects to incur ongoing expenses to an advisor in the amount of \$4,000 per month, in addition to a fee of \$1,500 per month in rent. The Company also intends to pay certain directors monthly fees.

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18. RTO AND SUBSCRIPTION RECEIPTS

On June 1, 2017, the Company announced that it had entered into a binding letter of agreement with Indiva Corporation ("Indiva") a London, Ontario based cannabis company focused on obtaining its Cultivation License pursuant to Health Canada's Access to Cannabis for Medical Purposes Regulations ("ACMPR"), pursuant to which the parties plan to complete a reverse takeover and change of business transaction (the "Transaction") on the TSX Venture Exchange (the "Exchange"). (See Note 19)

Pursuant to the Transaction, Rainmaker will acquire 100% of the issued and outstanding shares of Indiva for an aggregate purchase price of approximately \$30.5 million, to be satisfied through the issuance of Rainmaker common shares at an ascribed value of \$0.75 (post a proposed 10.878: 1 consolidation of Rainmaker shares). The issuer resulting from the Transaction (the "Resulting Issuer") will carry on the medical cannabis business of Indiva following completion of the Transaction.

In conjunction with its proposed Exchange listing, Rainmaker expects to conduct a concurrent financing for up to \$15 million of subscription receipts at a price of \$0.75 per subscription receipt (the "Offering"), which will be automatically converted into 20,000,000 common shares of the resulting issuer (post-consolidation) upon closing of the Transaction, subject to certain conditions including Indiva's receipt of a Cultivation License from Health Canada and TSX Venture approval of the Transaction. Sunel Securities has been engaged as lead agent and is expected to form a syndicate of investment banks to participate in the Offering. The proceeds of the Offering are intended, in part, to fund the expansion of Indiva Corporation's facility by an additional 26,000 sq. ft. Upon completion, Indiva Corporation's facility will comprise over 40,000 sq. ft. inclusive of 21,000 sq. ft. of grow space, subject to receipt of necessary Health Canada approvals.

On August 28, 2017, the Company closed the first tranche of the Offering in support of the Transaction. Under the first tranche of the Offering, Rainmaker issued 7,674,609 subscription receipts (each, a "Subscription Receipt") at a price of \$0.75 per Subscription Receipt for aggregate gross proceeds of \$5,755,957. Each Subscription Receipt will automatically convert into one common share in the capital of Rainmaker and one half of one common share purchase warrant (each whole warrant, a "Warrant"), each Warrant exercisable into one common share at a price of \$0.90 for 24 months following closing of the RTO (references to common shares issued in connection with the Offering are on a post-consolidation basis).

Between August 29 and October 31, 2017, the Company received additional proceeds for subscription receipts of \$1,288,863. As at October 31, 2017, subscription receipt proceeds of \$7,044,820 were held in trust as the Company had not yet satisfied the escrow release conditions.

19. SUBSEQUENT EVENTS

On November 2, 2017, the Company closed the second tranche of the Offering in support of the RTO. Under the second tranche of the Offering, Rainmaker issued 2,774,527 Subscription Receipts at a price of \$0.75 per Subscription Receipt for aggregate gross proceeds of \$2,080,895.

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19. SUBSEQUENT EVENTS (Continued)

On November 22, 2017, shareholder approval of Rainmaker was obtained at a special meeting in connection with the Transaction to complete a continuance from British Columbia to Ontario under the Business Corporations Act (Ontario), as the business of the Resulting Issuer is headquartered in London, Ontario.

On December 5, 2017, Rainmaker issued 5,623,949 Subscription Receipts at a price of \$0.75 per Subscription Receipt for gross proceeds of \$4,217,962 in connection with the closing of the third and final tranche of the Offering. In the aggregate of 16,073,085 Subscription Receipts were issued for gross proceeds of \$12,054,814.

On December 15, 2017, the Company announced that it had successfully completed the Transaction. In connection with the closing of the Transaction, the net proceeds of the Offering were released to the Company from escrow. Immediately prior to the closing of the Transaction, the Company completed the Consolidation, changed its name from "Rainmaker Resources Ltd." to "Indiva Limited", and continued under the Business Corporations Act (Ontario) in the Province of Ontario. The Company also issued 43,540,000 Common Shares to the holders of securities of Indiva at an ascribed price of \$0.75 per Common Share after giving effect to the Consolidation, for aggregate consideration of \$32,655,000. The Resulting Issuer now carries on the medical cannabis business of Indiva.

On December 21, 2017, the Resulting Issuer announced that it had entered into a strategic cooperation agreement with Medropharm GmbH and Greenfields Health Care S.A. (together, the "Licensors") with respect to the exclusive supply by the Licensors of multiple premium cannabis strains for cultivation and sale by Indiva Inc. (the ACMPR-licensed wholly owned subsidiary of Indiva. "Indiva LP") in Canada. The Licensors have granted Indiva LP the exclusive rights to import, cultivate and sell three high-CBD, low-THC strains of cannabis.

On January 4 and January 22, 2018, the holder of an \$11M 10% senior unsecured convertible debenture of Indiva assumed by the Resulting Issuer converted \$2M and \$1.5M, respectively, of debentures into 2,666,666 and 2,000,000, respectively, Resulting Issuer Shares.

On January 23, 2018, the Company announced that it had entered into a letter of intent with Eight Capital ("Eight"), whereby Eight has agreed to purchase 9,523,810 units of the Company (the "Units") on a "bought deal" basis at a price per Unit of \$1.05 (the "Issue Price") for gross proceeds of \$10,000,001. Each Unit is comprised of one Resulting Issuer Share and one common share purchase warrant (a "Unit Warrant"). Each Unit Warrant entitles the holder thereof to purchase one Resulting Issuer Share at an exercise price of \$1.30, for a period of 24 months following the closing of the offering. Eight also received an over-allotment option to purchase up to an additional 15% of the Units at the Issue Price.

On January 23, 2018, the Company announced that Eight had agreed to increase its "bought deal" offering to 12,381,000 Units (the "Additional Units") of the Company for total gross proceeds of \$13,000,050 (the "Prospectus Offering"). The Company also agreed to grant Eight an increased over-allotment option entitling Eight to purchase up to an additional 15% of the Additional Units at the Issue Price.

On February 13, 2018, the Company closed the Prospectus Offering, which included the exercise of the over-allotment option by Eight in full. As a result, the Company issued 14,238,150 Units in exchange for gross proceeds of \$14,950,058.