Organto Foods Inc.

1090 Hamilton Street
Vancouver, B.C.
V6B 2R9
Canada

Management's Discussion and Analysis
(Unaudited)

For the three months ended
March 31, 2019

(Stated in Canadian Dollars)

Dated May 30, 2019

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BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("MD&A") provides an overview of the business and operations of Organto Foods Inc. for the three months ended March 31, 2019. This report should be read in conjunction with the Company's March 31, 2019 unaudited condensed interim consolidated financial statements and its December 31, 2018 audited annual consolidated financial statements and related notes which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Except where the context otherwise requires, all references in this MD&A to the "Company", "we", "us", "our" and "Organto" or similar words and phrases relate to Organto Foods Inc. and its subsidiaries, taken together.

All currency amounts are expressed in Canadian dollars unless noted otherwise. In addition, "this quarter" or "current quarter" refers to the three-month period ended March 31, 2019.

This MD&A is dated May 30, 2019.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to as "forward-looking statements"). Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects" or "does not expect," "is expected," "planned," "budget," "scheduled," "estimates," "continues," "forecasts," "projects," "predicts," "intends," "anticipates" or "does not anticipate," or "believes," or variations of such words and phrases, or statements that certain actions, events or results "may," "could," "would," "should," "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any of our future results, performance or achievements expressed or implied by the forward-looking statements; consequently, undue reliance should not be placed on forward-looking statements.

Forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about our ability to carry out our plans and objectives; our ability to open up and sell through retail chains and other channels in Europe, North America and other markets; our ability to procure required volumes of organic produce from either our own operations and/or strategic third party suppliers; our ability to meet import and export requirements; the availability of equity and other financing on reasonable terms; our ability to successfully build out our medicinal cannabis platform; our ability to attract and retain skilled labour and staff; our ability to operate and/or partner with suppliers in The Netherlands, Europe, North America, Latin America, Africa and elsewhere; the impact of changes in foreign exchange rates on costs and results; transportation and logistics costs; market competition; ongoing relations with our employees and with our business partners; and general business and economic conditions.

We caution you that the foregoing list of important factors and assumptions is not exhaustive. Whether actual results and developments will agree with our expectations and predictions is subject to many risks and uncertainties. Accordingly, there are or will be important factors that could cause our actual results to differ materially from our expectations and predictions. We believe these factors include, but are not limited to, the following:

- we have a limited operating history and may incur further losses until our operating platform achieves scale;
- there is risk in our ability to continue as a going concern due to losses incurred as we build our operating platform, risk in our negative working capital position and our accumulated deficit, all of which could impact our ability to continue operations;
- we may not be able to secure financing required to meet future capital needs to continue operations;
- additional financing may dilute common shareholders or place restrictions on our operations;
- we operate in a competitive global industry and the actions of competitors could impact revenues and profitability;
- we must attract and retain key personnel and professionals to achieve our business objectives;
- our customers are generally not obligated to continue to purchase products from us;

- if we do not manage our supply chain effectively, our operating results may be adversely affected;
- our international operations expose us to risks inherent with the countries where we are doing business;
- our business is subject to numerous environmental and food safety regulations and policies;
- our planned entry into the medicinal cannabis business exposes us to risks associated with laws and regulations governing medicinal cannabis, which are still developing in many parts of the world, and could have an impact on our plans to expand this part of our business;
- our planned medicinal cannabis operations in Colombia are dependent upon final receipt of licenses to cultivate, process and sell plus successful build-out of growing and processing operations;
- our stock price may be volatile, which may impact returns to our shareholders;
- our common shares are thinly traded and our shareholders may be unable to sell at or near ask prices, or at all;
- we do not anticipate paying any cash dividends to our common shareholders and as a result, shareholders may only realize a return when their shares are sold; and
- our business is subject to changing regulations related to corporate governance and public disclosure that may increase both our costs and risk of non-compliance.

Consequently, all forward-looking statements made herein are qualified by these cautionary statements and there can be no assurance that our actual results or the developments we anticipate will be realized. The foregoing factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements and the detailed risks and uncertainties that are included in this report.

STRATEGY

Organto is a vertically integrated provider of organic produce focused on serving a growing socially responsible and health conscious consumer around the globe. Our mission is "to be a leading vertically integrated provider of organic value-added vegetables, fruits and other products, serving a growing socially responsible and health conscious consumer around the globe".

As our strategy has evolved, we have recently expanded our organic foods go-to-market channels beyond organic vegetables to include a variety of branded and private label organic soft fruit, exotic fruit and tropical fruit, and also a variety of organic produce to be sold on a bulk basis. This channel expansion increases our revenue streams and our presence in key markets, while at the same time significantly deepening our relationships with strategic third-party supply partners. In addition, our product offering is being expanded into medicinal cannabis in order to move to higher margin product offerings while leveraging our diverse sourcing, processing, logistics, import, export and organic certification expertise.

We believe that the demand for healthy and organic foods will continue to grow for many years and supply availability will be key to this growth being realized. According to the US Organic Trade Association (OTA) sales of organic products grew 6.4% in 2017 to over US$49 billion, growing at a rate that is almost 6 times that of conventional products, and now represents over 5% of total food sales. The OTA estimates that 82% of Americans buy organic food at least some of the time and fresh produce continues to be the primary gateway by which consumers enter the organic foods space. Furthermore, over half of all households in the US have purchased organic produce and the fresh produce segment is the fastest growing within the organic segment, now representing 15% of all the produce that Americans eat, and 36% of total US organic foods spend. And this is not just a US phenomenon. The organic market in Europe continues to grow. In 2015 the market increased by 13% and reached approximately Euro 30 billion and in 2016 it increased another 11.4%, reaching nearly Euro 33.5 billion in turnover. Globally European countries account for the highest share of organic food sales as a percentage of total food sales. Further, according to a research report completed by Zion Market Research, the global organic food and beverage market is expected to grow to US $323.1 billion by 2024, a CAGR of 14.56% over the period of 2017-2024.

We also believe that the global cannabis industry will grow worldwide as countries around the world move to legalize and decriminalize the use of cannabis for both medicinal and recreational use. Legal cannabis is gaining traction due to very high demand among consumers, scientific evidence supporting the medical and social benefits of cannabis and increasing legalization of recreational or medical cannabis in various countries. Additionally, significant public and private investment for research and development of safer forms of ingestible cannabis such as tinctures, oils, vapes and other edibles are expected to positively reinforce market growth. The number of conditions treated using medical cannabis is also growing rapidly and as new patients are added to the market, the demand for medicinal cannabis is expected to increase multiple folds in the coming years. A number of countries are moving towards legalization of marijuana for recreational purposes, and this in turn is expected to create a shift from medicinal to recreational cannabis demand. Canada recently legalized cannabis consumption for both medicinal and recreational purposes, following Uruguay who have also done the same. And this trend is continuing around the world. In the USA 9 states have legalized cannabis for recreational purposes and over 30 states have legalized cannabis for medicinal purposes. With a population of over 327 million, the estimated market potential by 2025 is over US $24 billion (CDN $31 billion). And Europe, with a population of in excess of 735 million and 140 million existing cannabis users, brings market potential of over 55 billion Euro (CDN $ 85 billion). And finally, the Canadian market, which is now legalized for both medicinal and recreational purposes, brings market potential of approximately CDN $8 billion. Together these markets bring a combined population of approximately 1.1 billion and combined market potential by 2025 of approximately CDN $124 billion.

It is our belief in these growing markets and consumer trends, combined with our efforts to build an efficient year-round organic supply platform for many of our products that underlies our strategic focus and our mission to be a leading vertically integrated organic brand serving a growing socially responsible and health conscious consumer around the globe.

We employ a business model that is integrated from the “field to the table”. Driven by consumer and retailer demand for healthy and organic food products, we continue to build out a platform to deliver value-added branded and private label products to meet these needs via an integrated model with diverse sourcing, logistics, processing and distribution capabilities, with the objective of providing year-round product supply for many of our products and complete traceability from the table back to the field. Our model is rooted in our commitment to sustainable business practices focused on environmental responsibility and our commitment to the communities where we operate, our people and our shareholders.

Our long-term strategic priorities are centered on three key strategic pillars: *Supply, Brand and Infrastructure*.

- *Supply* – development of year-round vertically integrated organic supply chain capabilities;
- *Brand* – building the Organto brand as a leading brand with retailers; and
- *Infrastructure* – responsibly building-out the organization to allow the business to scale as required.

In hand with our distributed product capabilities, we have developed a branded go-to-market strategy under the Organto “I am Organic” brand for our organic fruits and vegetables and are in the process of developing our marketing approach for cannabis products. We believe our ability to drive a differentiated branded products strategy for our food product offerings is based on our assessment of market demand combined with our intention to develop year-round supply capabilities for many of our value-added products. In hand with our branded products focus, we also work with retail partners to provide value-added private label offerings, with the objective of maximizing efficiencies while creating category demand for our brand. Our organic foods products are initially being rolled out to specific European customers and will be followed by introduction to other food markets. Our cannabis products are expected to be initially marketed in Colombia and expand over time to other legalized markets.

HISTORY AND OPERATIONS

In March 2014 Agricola Nuova Terra S.A. (“Agricola”), a privately-owned business, commenced operations to build out a global year-round supply platform focused on the production and distribution of value-added branded organic vegetables.

On November 30, 2015, Agricola completed a reverse takeover (the “RTO”) of Columbus Exploration Corporation (“Columbus Exploration”). Columbus Exploration was incorporated on May 18, 2007 under the laws of the Province of British Columbia, Canada. Upon completion of the RTO, Columbus Exploration changed its name to Organto Foods Inc., and Agricola became a wholly-owned subsidiary of Organto Foods Inc. On March 21, 2016, Agricola changed its name to Organto Guatemala, Sociedad Anonima (“Organto Guatemala”).

The name change to Organto Foods Inc. was completed to better reflect our focus on growing, processing, packaging, distribution and branding of organic foods along with our commitment to sustainable and socially conscious business practices.

Our organic foods operations operate as the Organto Foods Group. While we have operated our own growing operations in the past in both Guatemala and Argentina, our focus now is on working with strategic third-party growers and service providers in Mexico, Peru, Argentina, Thailand, Zimbabwe as well as other countries in order to grow our business and drive an asset light business model. Products are initially being commercialized in European markets.

In November 2018 we completed the acquisition of Medicannabis, SAS, a privately held Colombian medicinal cannabis company that is a late-stage applicant to enable it to cultivate and process cannabis in Colombia. This business operates as the Organto Global Cannabis group.

Our head office is located at 1090 Hamilton Street, Vancouver, British Columbia, Canada and we have a sales, logistics and administration office in Breda, the Netherlands. Regional satellite offices are located in Mexico, Guatemala, Argentina and the USA.

OUTSTANDING SHARE DATA

Our common shares are listed for trading on the TSX Venture Exchange ("TSXV") under the trading symbol "OGO" and are quoted on the OTC Markets under the symbol "OGOFF".

We have authorized capital of an unlimited number of common shares without par value. We have the following capital structure as at the date of this MD&A and March 31, 2019:

	May 30, 2019	March 31, 2019
Common shares issued and outstanding	170,450,893	162,989,355
Share purchase options outstanding ($0.13-$0.20)	12,430,000	12,430,000
Warrants ($0.15-$0.20)	51,590,378	51,590,378

See "Liquidity and Capital Resources" for further information.

RECENT DEVELOPMENTS

Corporate

In April 2019 we entered into an agreement to extend short-term loans payable in the amount of $647,408. Under the terms of the extension all outstanding amounts were extended one-year from the date of the initial loan and will be payable on the expiry date. Commencing May 15, 2019 and each month thereafter, the Company will make equal monthly payments of $8,620 reflecting principal and interest and will make lump some payments based on funds raised via equity financings, warrant exercises and proceeds from potential funds raised in relation to the Company's medicinal cannabis assets. Should the Company exit cannabis operations any outstanding amounts under these short-term loans will be immediately due and payable.

In April and May 2019 the Company received cash proceeds of $331,000 by issuing promissory notes. These notes are non-interest bearing and are due on demand any time after May 7, 2019. Proceeds from these notes are being used primarily to fund the Company's cannabis operations.

In March 2019 we entered into an agreement to sell our processing plant and related assets, including land, buildings and processing equipment, in Guatemala, to Organizacion de Marcadeo SA (Omega), a company controlled by Arturo Bickford and Jorge Guzman Efrain. Under the terms of the agreement Omega will acquire the assets in an arm's-length transaction on an as-is basis for consideration of $935,450. Consideration will be paid through the discharge of certain loans from Omega and related parties to Organto in the amount of $428,782 (US$314,647), cancellation of 5,873,257 common shares of Organto, and the assumption of an interest-free note payable from Omega in the amount of $77,185 (US$56,628), due on the second anniversary of the closing date and secured by a lien on the assets. At March 31, 2019 the fair value of the shares to be cancelled was determined to be $440,494 and the fair value of the interest-free note payable was determined to be $66,174.

In January 2019, the Company established a revolving credit facility with a Mexican bank for up to US$500,000. Interest is payable monthly at 12% on any funds advanced. A one time fee of US$50,000 was paid to establish this facility.

In December 2018, we settled debts in the amount of $345,000 with Columbus Gold Corp., a related party, and two of our directors arising from services provided to Organto during the period December 2015, through May 2018. A total of 2,924,294 common shares were issued.

We also issued a total of 1,066,666 common shares to a former officer as full and final settlement for amounts payable of US$78,691 and 100,000 common shares to a former employee to settle $7,000 for fees owed in December 2018.

In November 2018 the Company completed a non-brokered private placement of 11,000,000 units at a price of $0.10 per unit for total proceeds of $1,100,000. Each unit consisted of one common share and one-half warrant, with each full warrant exercisable to purchase one additional common share at a price of $0.20 for a period of 18 months after the closing date. The exercise date of the warrants issued is subject to acceleration in the event that the closing price of common shares on the TSX Venture Exchange is greater than or equal to $0.25 per share for a period of 10 consecutive trading days and such acceleration event occurs any time after the expiration of a four-month hold period applicable to the securities issued.

In August 2018 the Company completed a non-brokered private placement of 20 million units at a price of $0.08 per unit. Total proceeds of $1,600,000 were received: $657,683 in June 2018 and $942,317 in July and August 2018. Each unit consisted of one common share and one-half warrant, with each full warrant exercisable to purchase one additional common share at a price of $0.15 for a period of 12 months after the closing date. The exercise date of the warrants issued is subject to acceleration in the event that the closing price of common shares on the TSX Venture Exchange is greater than or equal to $0.25 per share for a period of 10 consecutive trading days and such acceleration event occurs any time after the expiration of a four-month hold period applicable to the securities issued.

In addition to our efforts to transition from an asset heavy and single revenue stream business model to an asset light and multi revenue stream business model in our foods business, and establish our cannabis operations, we have also endeavoured to strengthen our balance sheet. We entered into agreements which resulted in the elimination of over $3 million of debt and payables through the early conversion of convertible debentures, the settlement of a convertible loan and shares for debt settlements.

In July 2018 the Company reached an agreement with the holders of the convertible debentures to convert the debentures, plus accrued interest and related conversion fees, into common shares of the Company. As part of this agreement, the conversion terms were modified such that the principal amount of the debentures would be converted at $0.185 per share instead of the original $0.35 per share and interest would be converted at $0.10 per share instead of being paid in cash. As a result of this modification, the Company recognized a loss of $308,674 being the difference between the fair value of the shares the debenture holders received on conversion and the fair value of the consideration the debenture holders would have received under the original terms. The Company issued a total of 13,330,262 common shares to the holders of the debentures, comprising 11,000,000 common shares issued to convert the face value of the debentures at a conversion price of $0.185 per common share, and 2,330,262 common shares to convert accrued interest and related conversion fees at a conversion price of $0.10 per common share.

In June 2018 we settled our US$590,000 convertible loan. The loan provided for automatic conversion at a conversion price of $0.33 per common share in the event the company completed an equity financing resulting in gross proceeds of at least $5 million. As a result of the Company's private placement in 2017 for gross proceeds greater than $5 million, the Company began the process to convert the loan. The Company incurred $22,135 in costs while converting this loan and these costs, together with accrued interest and the loan principal, were paid by issuing 2,269,230 common shares in June 2018.

We issued share purchase warrants as part of our private placement in 2017 and in August 2018 we adjusted the pricing of the following share purchase warrants:

- 12,699,634 share purchase warrants originally exercisable at a price of $0.25 per warrant share until June 20, 2019 were amended to a new exercise price of $0.17 per warrant share;
- 2,165,208 share purchase warrants originally exercisable at a price of $0.25 per warrant share until August 3, 2019 were amended to a new exercise price of $0.17 per warrant share; and
- 19,565,000 share purchase warrants originally exercisable at a price of $0.25 per warrant share until September 11, 2019 were amended to a new exercise price of $0.17 per warrant share.

Originally, if the closing price of the company's shares was $0.35 or greater for a period of 10 consecutive trading days, then the warrant holders had 30 days to exercise their warrants. This acceleration clause has been changed to a closing price of $0.21 or greater for 10 consecutive trading days, with the warrants then expiring after 30 days.

In June 2018 we announced the departure of Marcus Meurs from his position as President and Chief Operating Officer, effective June 18, 2018. Steve Bromley, Chair and Interim CEO also assumed the role of President effective immediately. There are no plans to fill the Chief Operating Officer role in the near term given the revised structure which has been implemented by the Company.

In April 2018 we announced that Mr. Arnoud Maas, Chief Executive Officer had advised that he would not be renewing his Management Services Agreement and thus would be leaving Organto as both CEO and Director. Steve Bromley, Chair of the Board of Directors assumed the role of Interim CEO at that time.

From February through April 2018, we completed bridge financings whereby certain significant insider shareholders sold part of their shareholdings in private transactions and invested a portion of the proceeds as bridge loans to Organto. We received proceeds of $818,740 from these bridge loans and an additional $107,647 in October 2018 from loans from an officer and two directors. The bridge loans are unsecured and had a term of one year, with interest rates ranging from 0% to 8%, payable in equal monthly payments of $5,000 per month. The loans from the officer and the directors are non-interest bearing and without any specific term of repayment. In April 2019, $171,338 of the bridge loans were discharged with the sale of the Guatemala plant and $647,408 were extended for an additional year from the date of the initial loans.

Foods Division

We continued to expand our value-added organic vegetables and fruits product offering and we have increased our supply capabilities via the addition of new supplier relationships focused on organic soft, tropical, and exotic fresh fruits and other organic vegetables. We intend to continue to establish supply relationships with strategic growers in key supply markets in order to expand our market presence and to diversify our revenue streams beyond just high-value organic vegetables.

In late 2018, we entered into a five-year agreement with a supply partner in Zimbabwe, whereby we will have exclusive sales rights for certain organic products produced by the supply partner, initially focused on value-added year-round organic vegetables, including organic green beans, organic snow peas and organic sugar snaps. Our strategic supply partner in Zimbabwe is an established supplier of conventional and organic fruits and vegetables and in March 2019 received organic certification for lands to be devoted to exclusive production of organic vegetables for Organto. The receipt of these certificates represented the final step in the approval process and deliveries to Organto of organic green beans commenced in March 2019. The certifications from Eco-Cert SA cover two growing operations located in separate provinces offering diverse climatic features, critical as year-round supply of value-added vegetables is established. Our supply partner has also started planting organic snow peas and organic sugar snaps, and we expect to have these products available for commercial distribution in late May through the end of June 2019 dependent upon growing conditions.

Sales of organic avocados began in the October 2018 after the establishment of our Mexican subsidiary. Initial shipments were from Mexico to customers in Germany and the Netherlands while future shipments are expected to include additional supply from Peru. The initial shipments were almost fully sold in advance of shipping, indicative of the strong demand for organic avocado. To date, our avocado program has not performed as well as we initially expected and sales of avocados are down substantially from originally forecast. While demand has been strong, a strike by Mexican avocado industry workers disrupted supply for 3 weeks in October and November 2018 and certain shipments in December 2018 and January 2019 experienced quality issues due to shipping problems. Insurance claims have been filed to recover our costs and lost revenue from the avocados spoiled in transit and we are taking additional steps to better secure our supply chain in order to avoid these issues and meet strong market demand.

Sales of organic blueberries to European customers began in September and were our first sales of an organic soft fruit. Initial sales of organic blueberries were on a seasonal basis from product supplied from Argentina. Our goal is to develop a year-round product offering including supply from Mexico plus additional supply from Peru which is in development. In October 2018 we began sales to a European on-line retailer, representing Organto's first commercial activities in Europe in the fast-growing on-line channel. Organic blueberries and organic asparagus are the first products available for sale, but there is the potential for us to add new products as they become available.

Sales of organic asparagus started in September 2018 with sales to customers in the Netherlands. Initial supply is from Peru and volumes are expected to increase as additional growers are expected to be contracted in Argentina and Mexico.

In September 2018 we closed our owned and operated receiving and packaging facility in Amsterdam after entering into an agreement with an established third party who provides a wide range of logistic services for fruits and vegetables, including quality management, receiving, sorting, repacking and warehousing. The closure of our facility in Amsterdam is part of our plan to move from primarily a fixed cost to a variable cost model.

In April 2018 we appointed Mr. Rients van der Wal to the position of Chief Executive Officer, Organto Europe BV. Mr. van der Wal brings extensive fresh fruits and vegetables experience to Organto, and has strong industry contacts at both customer and supply chain levels. Mr. van der Wal is based in the Netherlands and leads Organto’s vertically integrated value-added branded fresh produce business which operates from Breda.

In hand with Mr. van der Wal's appointment, we also announced our intention to expand our branded value-added organic vegetables product offering and supply capabilities via the addition of expanded supply relationships focused on organic soft, tropical and exotic fresh fruits, deepening supply relationships with strategic growers in key supply markets, expanding market presence and developing opportunities for new value-added Organto "I am Organic" branded product offerings. Since April, we have expanded our product offerings with organic blueberries, organic blackberries, organic avocado, organic passion fruit and organic ginger. These additional products have expanded our market presence and revenue streams.

Cannabis Division

In November 2018 we completed the acquisition of 100 per cent of the outstanding shares of Medicannabis SAS, a privately held Colombian medicinal cannabis company that is a late-stage applicant for licences to enable it to cultivate and process cannabis in Colombia. Shareholder approval for this transaction has been received. We allocated the purchase price of $25,051 to the license applications.

In April 2019 we received final acceptance of the TSX Venture Exchange and issued 7,000,000 common shares ("Acquisition Shares") to the original shareholders of Medicannabis as part of the terms of the acquisition agreement which required these shares be issued upon receipt of a cannabis cultivation license that was received in January 2019. In addition, Organto issued 461,538 common shares ("Finder's Shares") as a finder's fee in accordance with the policies of the TSX Venture Exchange. The Acquisition Shares and Finder's Shares are subject to a four month hold period under applicable securities regulations which will expire on August 8, 2019 and are also subject to contractual release limitations over a three-year period. A value of $1,193,846 was attributed to the shares issued and this amount is included in licenses on our balance sheet.

As part of the Medicannabis transaction, Organto acquired 18 unique and proprietary cannabis varieties and breeding lines developed by Todd Dalotto over the past 19 years for Pacific Northwest environments. These varieties and breeding lines are being cross-bred with Colombian varieties that have been developed for tropical mountain climates by Medicannabis and other breeders, in order to develop varieties that perform well in equatorial regions around the world and exhibit qualities of aroma, flavor, and medicinal efficacy that cannabis connoisseurs expect. These proprietary breeds and strains, uniquely adapted for the region, will allow for a more successful and trouble-free crop. We recognized $100,911 in intangible assets upon the acquisition of these cannabis varieties.

In hand with the acquisition of Medicannabis, Mr. Todd Dalotto was appointed President of Organto's Global Cannabis Group. Mr. Dalotto is a horticultural scientist, public policy consultant, and court-qualified expert witness specializing in cannabis. His experience includes horticultural research, teaching, and consulting businesses on the horticultural science and public policy of cannabis. His cannabis activities during the past nineteen years include breeding of in-bred lines, morphology, sustainable practices, mutualisms, and hoop-house cannabis production. He created the curriculum for the Cannabis Horticultural Science Course, which is a certificate course on core horticultural science topics such as Soil Science, Seed Biology, Plant Pathology, Breeding & Genetics, and more.

Mr. Dalotto has a horticultural research degree with an emphasis on sustainable agriculture and plant breeding from Oregon State University. He is the former Chair of the Oregon Health Authority's Advisory Committee on Medical Marijuana (ACMM), and of the ACMM's Horticulture, Research & Safety Committee. He currently serves on Americans for Safe Access' Patient-Focused Certification Review Board, on the Cannabis Certification Council's Technical Advisory Committee, and on various legislative advisory committees for the State of Oregon. Mr. Dalotto was instrumental in the drafting of the regulations for Oregon's Medical Marijuana Dispensary Program, and he founded one of Oregon's first cannabis medical clinic.

We believe that the procurement and distribution of cannabis related products is a logical and complementary extension to our current fruits and vegetable business, given the rapid legalization of cannabis globally. While organic fruits and vegetables will continue to be the mainstay of our business, we believe the addition of a self-standing cannabis distribution division opens up a wide array of options for us to create long-term value for our shareholders. Legalization of cannabis is a global trend presenting significant opportunities, and we believe that Latin America presents a unique opportunity to establish low-cost natural growing operations.

While the standard models for cannabis production facilities in the United States and Canada are characterized as higher cost indoor growing facilities and automated greenhouses, Organto intends to demonstrate how its original ecological and sustainable hoop-house cultivation design produces high-quality crops with lower production costs & higher profits than the standard model facility. In contrast with expensive standard-model production facilities common to competitors in North America, Organto's innovative model utilizes an inexpensive and simple hoop-house design, which maximizes light and heat from the sun, instead of from electrical lights & heaters, and cools by passive ventilation and efficient fans, instead of with chillers and air conditioners.

We believe our fully equipped hoop-houses can be constructed at under 33% of the cost of the conventional cannabis production facilities constructed in Canada and the United States. Also, by utilizing free and abundant natural resources, such as planting in native soils instead of purchasing new shipments of potting media for each crop, and utilizing captured rainwater instead of exclusively municipal sources, Organto expects to realize significant savings in operating expenses.

This group’s division's greatest operating expense will be labor, which in Colombia tends to be approximately 15% of the labour cost in Canada and the United States, hence eliminating the need for expensive automation systems and equipment.

In January 2019 we were granted a licence from Colombia's Ministry of Justice to cultivate non-psychoactive cannabis (“CBD”) at our cultivation and breeding facility in Colombia. The licence authorizes the cultivation of non-psychoactive cannabis in Colombia for medicinal use and further processing into cannabis products, including but not limited to, oils, tinctures, beverages, topicals and other products. It also allows for grain and seed production, and scientific purposes.

Also in January 2019, we filed registrations for a total of 144 cultivars and breeding lines as fuente semillera (translated as source seed) with the Instituto Colombiano Agropecuario (ICA), Colombia's agricultural authority. All cannabis plants grown in Colombia must be derived from registered fuente semillera in order to be permitted for use. Licensed cannabis producers had until Dec. 31, 2018, to file these registrations. Medicannabis filed technical sheets for 144 cultivars and breeding lines in advance of the deadline, thereby establishing a large and diverse genetic library for the company to crossbreed and develop numerous new cultivars with a wide variety of trait combinations (flavour, aroma, medicinal properties and phytochemistry). Organto is also in the process of registering 10 commercial cultivars with ICA, which is a requirement for growing each cultivar for eventual commercial sales. In the meantime, the company is currently authorized to grow registered fuente semillera for genetic improvement and scientific research while it goes through the cultivar registration and agronomic evaluation process, which can take several months.

Simultaneously, an application was filed for registration as a producer of certified seeds, which, subject to approval, will allow the company to manufacture, import and export cannabis seeds that have undergone agronomic and specific trait improvement, thus allowing the company to generate revenues globally from its breeding of cultivars which have been adapted for various climates.

Licensed companies that did not meet the Dec. 31, 2018, fuente semillera deadline are not authorized to use their own seeds for cultivation and are otherwise limited to buying seeds from companies with a licence for the use of seeds for planting, which Organto anticipates it will receive soon. By meeting this deadline and becoming appropriately licensed, Organto is expected to enjoy both a cost advantage and a favourable position as a supplier of seeds to third parties.

Organto has extensive European market expertise, and with the global trend to legalize cannabis rapidly modifying the global landscape, it is expected that over time the European landscape will also evolve and open-up a potential US$65 billion cannabis market of some 740 million people. When that happens Organto should be very well positioned to leverage their marketplace knowledge to take advantage of the enormous market opportunity. In the interim, Organto's Cannabis Division will focus on offering its future cannabis products locally in the Colombian medicinal market, and globally in markets where cannabis related imports and sales are fully legalized.

FINANCIAL RESULTS

For the purposes of the information presented, the “Company” is defined as the consolidated entity.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS is the responsibility of management and requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Our management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is risk of material adjustments to assets and liabilities in future accounting periods include estimates of useful lives of depreciated and amortized assets, the valuation of inventory which includes estimates with regards to the allocation of overhead and determining the net realizable value, assumptions used in determination of the fair value of share-based payments, the recoverability and measurement of deferred tax assets, and the allocation of the purchase price associated with the acquisition of a business.

The preparation of financial statements in accordance with IFRS requires us to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in preparing our financial statements include the assumption that we will continue as a going concern, classification of expenditures and the classification of financial instruments.

Changes in Accounting Policies and Standards

A number of new standards, and amendments to standards and interpretations, have been applied in preparing these consolidated financial statements while other standards will come into effect in the future. Those that may be applicable to us are as follows:

(a) IFRS 16 – *Leases* (“IFRS 16”)

IFRS 16 replaces IAS 17 “Leases” and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019. The adoption of IFRS 16 has not had any material impact that on our financial statements.

(b) other

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

Financial Performance

	Three months ended		
	March 31, 2019 ($)	March 31, 2018 ($)	**% Change**
Revenues	130,999	13,395	878%
Gross profit (loss)	(31,131)	(252,088)	(64%)
Net loss for the period	(775,888)	(1,442,603)	(42%)
Cash used in operating activities	(797,042)	(809,761)	(2%)
Loss per share, basic and diluted	(0.01)	(0.01)	-

Review of Financial Results – Current Quarter

We reorganized our business model under the direction of our new management team in the third quarter of 2018. We transitioned from an asset heavy and single revenue stream business model to an asset light and multi revenue stream business model. We have been diversifying our grower base and growing regions to benefit from low-cost labor, existing infrastructure, logistics economics and routes to designated markets, as well as expanding grower relationships and increasing the number and variety of products handled. We have reduced overheads throughout the organization, shifting from a fixed cost base structure to a combination of fixed and variable resources, intended to reduce the overhead burden as our business grows. Looking forward we believe that revenue, margins and product diversification will continue to increase as we take advantage of improved supply dynamics and expand into new product categories.

We incurred a net loss of $775,888 during the current quarter, down from $1,442,603 during the same period in the prior year.

Revenues for the three months ended March 31, 2019 were $130,999 as compared to $13,395 during the same period in the prior year, an almost tenfold increase. While revenues grew versus the prior year, they were below expectation due to quality and supply challenges on our organic avocado program which led to no revenues in the quarter as we delayed the program to rectify quality and supply issues realized. We are working to recommence the program and plan to do so during the third quarter. Revenues in the first quarter also reflected low seasonal sales of organic asparagus due to European local market supply and the start-up of our year-round organic green bean program being supplied from Zimbabwe. As expected, there were no sales of organic blueberries or organic ginger in the first quarter as these products were not in season with our current suppliers.

We incurred a gross loss of $31,131 in the first quarter of 2019 as compared to a gross loss of $252,088 during the same period in the prior year. Our gross loss was impacted by product spoilage issues on avocados as well as costs associated with developing our organic asparagus supply chain and the start-up of our organic green bean supply chain.

Selling, general and administration expenses of $343,234 this quarter were lower than the $430,471 from the same quarter of the prior year. The reduction in costs during the quarter was attributable to cost reductions across the organization as overheads and related costs were reduced to align with our restructured business model. Legal and other costs attributable to our new medicinal cannabis operations in Colombia of $154,872 offset some of the cost savings from our restructured business model in the current quarter.

Management fees in the current quarter were $179,015 compared to $209,906 in the same quarter of the prior year. The decrease was a result of the Company's efforts to reduce its staffing to a level better supported by the Company's operations as well as due to certain officers and advisors agreeing to waive their fees for services until such time as the Company's operations can better support the payment of such fees.

Salaries and benefits during the first quarter were $102,083 compared to $367,364 in the same quarter of the prior year. Overall staffing levels were scaled back beginning late in the first quarter of 2018. Salary costs attributable to our new medicinal cannabis operations in Colombia of $12,900 offset some of the cost savings from our restructured business model in the current quarter.

We recognized $87,469 for stock-based compensation in the first quarter of 2019 compared to $3,636 in the same quarter of 2018. Stock based compensation is calculated using the Black-Scholes option pricing model which requires the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore does not necessarily provide a reliable single measure of the fair value of the Company's stock options granted and/or vested during the period. Stock based compensation in the first quarter of 2018 was based on a fair value of $0.06 per share for the 600,000 options granted in June 2018 and $0.06 per share for the 5,750,000 options granted in December 2018.

Interest expense during the current quarter was $25,646 compared to $160,370 for the same quarter of the prior year. Interest in the first quarter of 2019 consisted of interest on our bank loan and the interest bearing short-term loans while interest in the first quarter of the prior year consisted of interest and accretion on the convertible loan, convertible debentures and the interest bearing short term loans. The convertible loan was settled by issuing shares in the second quarter of 2018 and the convertible debentures were settled by issuing shares in the third quarter of 2018. See "Liquidity and Capital Resources" for further information.

Foreign exchange gains and losses arise from transactions incurred in currencies other than the functional currency of the Company and its subsidiaries. We realized a foreign exchange loss of $7,310 this quarter as compared to a loss of $55,370 during the same quarter last year.

Selected Quarterly Information

	Q1 2019 ($)	Q4 2018 ($)	Q3 2018 ($)	Q2 2018 ($)	Q1 2018 ($)	Q4 2017 ($)	Q3 2017 ($)	Q2 2017 ($)
Revenues	130,999	1,068,275	444,259	10,648	13,395	136,459	135,623	284,878
Net loss for the period attributable to shareholders of the Company	(775,888)	(2,134,588)	(864,121)	(1,060,868)	(1,442,603)	(5,659,635)	(1,468,605)	(1,300,937)
Basic and diluted loss per share for the period	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.05)	(0.02)	(0.01)

	Mar 31, 2019 ($)	Dec 31, 2018 ($)	Sep 30, 2018 ($)	Jun 30, 2018 ($)	Mar 31, 2018 ($)	Dec 31, 2017 ($)	Sep 30, 2017 ($)	Jun 30, 2017 ($)
Cash	53,025	189,020	33,249	189,454	28,567	172,025	2,257,086	1,142,413
Total assets	2,526,456	3,341,850	2,880,218	2,804,575	2,766,969	3,156,867	7,693,330	6,646,020
Total non-current financial liabilities	-	-	-	1,649,723	1,612,806	1,572,230	1,970,554	1,919,750

Liquidity and Capital Resources

At March 31, 2019, we had cash of $53,025 and a working capital deficiency of $3,360,608 compared to $189,020 and $2,199,028, respectively, at December 31, 2017.

In January 2019 we established a revolving line of credit with a Mexican bank for up to US$500,000. Interest is payable monthly at 12% on funds borrowed. We paid a one time fee of US$5,000 to establish this facility. At March 31, 2019 we had borrowed US$445,000 from this facility and the full US$500,000 at May 30, 2019.

We signed promissory notes and received $114,000 in March and a further $331,000 in April and May. These notes are non-interest bearing and are due on demand anytime after May 7, 2019.

Cash used in operating activities for the first quarter of 2019 was $797,042 compared to $809,761 for the same quarter of the prior year. Cash used in operations consists of cash used to fund the loss for the period and the impact of non-cash items and changes in non-cash working capital.

We spent $1,520 on intangible assets in the first quarter of 2019 related to our investment in medicinal cannabis.

At March 31, 2019, we had current liabilities of $4,340,756 (December 2018 - $4,040,677). We settled $428,782 of the short-term loans and loan to Omega as part of the sale of our processing plant in Guatemala. New borrowings of $695,743 from the bank loan and other short-term loans were the main reason for the increase in liabilities this quarter.

We are reliant upon equity and/or debt financings to fund operations until such time as revenues are sufficient to sustain operations.

Financial instruments

The fair value of our financial instruments, financial statement classification and associated risks are presented in the following table.

Financial instrument	Basis of measurement	Associated risks	Fair value at March 31, 2018 ($)
Cash	Fair value through profit or loss	Credit, currency and concentration	53,025
Receivables	Amortized cost	Credit, currency and concentration	765,805
Accounts payable	Amortized cost	Currency	(2,861,597)
Bank loan	Amoritzed cost	n/a	(581,743)
Loan due to Omega S.A.	Amortized cost	Currency	(30,565)
Loans payable	Amoritzed cost	n/a	(866,850)
			(3,521,925)

The fair value of our financial instruments including cash, receivables, accounts payable, loan due to Omega and loans payable approximates their carrying value due to the immediate or short-term maturity of these financial instruments.

IFRS 7, *Financial Instruments: Disclosure* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Our financial instruments are exposed to certain financial risks. The risk exposures and the impact on our financial instruments at December 31, 2018 are summarized below. The Board of Directors reviews with management the principal risks affecting the Company and the systems that have been put in place to manage these risks.

(a) Credit risk

Credit risk is the risk that the Company will incur a loss due to a customer or third party failing to discharge their obligation due to the Company.

The credit risk exposure on cash is limited to their carrying amounts at the date of the statement of financial position. Cash is held as cash deposits with creditworthy banks in Canada, Europe, Guatemala, Mexico and Argentina. The risk is assessed as low.

The credit risk exposure on receivables is limited to their carrying amounts at the date of the statement of financial position. Trade receivables are mainly from three customers in Europe. The risk is assessed as high due to the limited number of customers. Other receivables are primarily comprised of VAT credits with a low risk assessment.

(b) Liquidity risk

Liquidity risk arises from the Company's general and capital financing needs. We manage liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at March 31, 2019, we had a working capital deficiency of $3,360,608 (December 31, 2018 – $2,199,028). Liquidity risk is assessed as high.

To date, the Company has been able to address any shortfalls in meeting our short term financial demands by turning to equity and debt markets to raise the funding necessary continue operations. We will have to continue to raise funds on these markets until the Company is able to realize consistent profitable operating results.

(c) Market risks – interest rate

We do not have debt that is subject to interest rate risks, as all our interest bearing debts have fixed rates.

Sensitivity Analysis

A 1% change in interest rates does not have a material effect on our profit or loss and equity.

As our functional currency is the Canadian Dollar, where foreign currency transactions such as the US Dollar, European Euro, Argentine Peso, Mexican peso and Guatemalan Quetzal are converted into Canadian Dollars, changes in exchange rates between these currencies may have an effect on our profit or loss and equity. A +/- 10% change in the exchange rate between those currencies and the Canadian Dollar can affect net income by approximately $60,000.

Capital Management

When managing capital our objective is to ensure an optimal capital structure is maintained to reduce overall cost of capital and allowing flexibility to respond to changes in working capital requirements.

In the management of capital, we include the components of shareholders' equity as well as cash and receivables.

We manage the capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of our capital requirements, we monitor working capital and cash flows regularly. There have been no changes to our capital management policies and procedures since the end of the most recent fiscal year.

Related Party Transactions

The following related party transactions were made in the normal course of operations:

(a) Key management personnel compensation:

	Three monhs ended	
	March 31, 2019 ($)	**March 31, 2018 ($)**
Salaries, consulting and management fees	141,575	272,706
Short-term employee benefits	4,859	4,707
Stock based compensation	58,770	-
	205,204	**277,413**

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits

(b) Transactions with related parties:

	Three months ended	
	March 31, 2019 ($)	**March 31, 2018 ($)**
Purchase of management and administrative services from companies with common directors and officers	82,184	30,000
	82,184	**30,000**

(c) Outstanding balances arising from purchases of services:

	March 31, 2019 ($)	March 31, 2018 ($)
Salaries, consulting and management fees	397,265	69,542
Directors' fees	-	52,000
Administration services	57,949	250,139
Expense reimbursements	66,495	83,410
Balance, end of period	**521,709**	**455,091**

(d) Loans from directors and key management personnel:

	March 31, 2019 ($)	March 31, 2018 ($)
Balance, beginning of period	107,647	-
Foreign exchange	(2,198)	-
Balance, end of period	**105,449**	-

Commitments

At March 31, 2019, we have the following commitments:

	Within 1 year ($)	Between 1 and 5 years ($)	After 5 years ($)	Total ($)
Lease payments for land use	45,264	215,905	-	261,170
Management and administration fees	136,985	-	-	136,985
Bank loan	581,743	-	-	581,743
Loan payable to Omega S.A.	30,565	-	-	30,565
Short term loans payable	866,850	-	-	866,850
	1,661,407	**215,905**	**-**	**1,877,313**

As part of the Medicannabis acquisition, the Company entered into a land lease for monthly payments of 9,000,000 Colombian pesos ($3,750) per month beginning in January 2019.

Lease payments for land used in Guatemala ceased in April 2019 upon the sale of the Company's processing plant in Guatemala.

OFF-BALANCE SHEET ARRANGEMENTS

During the three months ended March 31, 2019 and up to the date of this report, the Company had no off-balance sheet transactions.

PROPOSED TRANSACTIONS

While the Company is continually reviewing potential opportunities that could enhance shareholder value, there are no proposed transactions that would affect the financial condition, results of operations and cash flows of the Company to report at this time.

RISKS AND UNCERTAINTIES

Risk factors

Our business, operations and financial condition are subject to various risks and uncertainties. Prior to making an investment decision, investors should consider the risks and uncertainties set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business engaged in the global production and distribution of organic produce. We believe the risks set out below to be the most significant to potential investors, but do not represent all of the risks associated with an investment in securities of our Company. If any of the identified risks materialize or other additional risks and uncertainties of which we are currently unaware materialize, our assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects are likely to be materially and adversely affected. These risk factors should be read in conjunction with other information in this report and in other documents that we file from time to time.

Risks Related to Our Business

We have a limited operating history and may incur further losses until our operating platform achieves scale.

Agricola began carrying on business in 2014 and since that time we have built out our operating platform and generated approximately $6.1 million in revenues and operating losses of approximately $22.0 million. We are subject to many of the risks common to early-stage enterprises, including costs associated with building out an operating platform prior to volumes coming to scale, undercapitalization, cash shortages, and limitations with respect to personnel, financial, and other resources. There is no assurance that we will be successful in establishing a customer base, that consumers will purchase our products, or that we will begin generating revenues sufficient to cover our operating costs. Our ability to achieve a return on shareholders' investment and the likelihood of its success must be considered in light of the company's early stage of operations.

There is risk in our ability to continue as a going concern due to losses incurred as we build out our operating platform, risk in our negative working capital position and our accumulated deficit, all of which could impact our ability to continue operations.

Our independent auditors have added an explanatory paragraph to their audit opinion issued in connection with our financial statements for the years ended December 31, 2018, 2017, 2016 and 2015 with respect to our ability to continue as a going concern. As discussed in Note 1 to our financial statements for the current quarter, we have generated operating losses since inception, cash resources are currently insufficient to meet planned business objectives, and thus additional financing will be required to realize the carrying value of our assets and continue operations, which together raises doubt about our ability to continue as a going concern.

We may not be able to secure financing required to meet future capital needs to continue operations.

We will require additional capital to fulfill our contractual obligations and continue development of our product offerings and global operating platform, through either equity or debt financing. Due to business specific or general economic conditions, we may be unable to secure debt or equity financing on terms acceptable to the Company, or at all, at the time when we need such funding. Our inability to raise additional funds on a timely basis would make it difficult to achieve our business objectives and would have a negative impact on our business, financial condition and results of operations.

Additional financing may dilute common shareholders or place restrictions on our operations.

If we raise funds by issuing additional equity or convertible debt securities, the ownership percentages of existing stockholders would be reduced, and the securities that we issue may have rights, preferences or privileges senior to those of the holders of our common stock or may be issued at a discount to the market price of our common stock which would result in dilution to our existing stockholders. If we raise additional funds by issuing debt, the Company may be subject to debt covenants, which could place limitations on our operations including our ability to declare and pay dividends.

We operate in a competitive global food industry and the actions of competitors could impact revenues and profitability.

The agricultural produce industry is intensely competitive in all of its phases. We compete with other companies, some of whom have greater financial resources, larger facilities, more capacity, higher staffing levels, greater economies of scale, pricing advantages, longer operating histories and more established market presences. We may have little or no control over some or all of these competitive factors. If we are unable to effectively respond to these competitive factors, or if the competition in our product markets results in price reductions or decreased demand for our products, our business, results of operations and financial condition may be materially impacted.

We are focusing our business on the production, processing, packing and distribution of value-added and branded organic produce grown in strategic geographies that will provide us with year-round supply capabilities. As a result of changing consumer preferences and awareness, we believe there is increased demand for organic produce over conventional produce which we believe will be positive for us. Even so, we expect to face competition from new entrants to the organic produce market wanting to participate in this growing category. Our ability to remain competitive will depend to a great extent on our ability to grow our customer base, build our brand, maintain competitive pricing levels, manage transportation and delivery logistics and effectively market our products to our customers. There can be no assurance that we will have sufficient resources to compete successfully with our current or future competitors in these areas, which could have a material adverse effect on our business plan and results of operations.

We must attract and retain key personnel and professionals to achieve our business objectives.

Our success will be largely dependent upon the performance of our management and key employees. We must compete with other companies both within and outside the food industry to recruit and retain competent employees and contract resources. If we cannot attract and maintain qualified resources to meet our business needs, this could have a material adverse effect on our business. In addition, the Company does not have key man insurance policies and therefore there is a risk that the death or departure of any existing member of management or any key employee could also have a material adverse effect on the Company.

Our customers generally are not obligated to continue purchasing products from us.

Many of our customers buy from us under purchase orders, and we generally do not have long-term agreements with or commitments from these customers for the purchase of our products. We cannot provide assurance that our customers will maintain or increase their sales volumes or orders for the products supplied by us or that we will be able to maintain or add to our existing customer base. Decreases in our customers' sales volumes or orders for products supplied by us may have a material adverse effect on our business, financial condition or results of operations.

If we do not manage our supply chain effectively, our operating results may be adversely affected.

Our supply chain is complex and subject to a number of risks. We directly operate growing and processing operations but also rely on a number of third party suppliers for the growing, processing, packaging and distribution of certain of our products. Our inability to effectively manage our supply chain could cause our operating costs to rise and our margins to fall. In addition, potential adverse weather conditions and natural disasters add another layer of risk to our supply chain. We must continuously monitor our inventory and product mix against forecasted demand or risk having inadequate supplies to meet customer demand as well as having too much inventory that could reach its expiration date. If we are unable to manage our supply chain efficiently and ensure that our products are available to meet customer demand, our operating costs could increase and our margins could fall.

Our international operations expose us to additional risks inherent with the countries where we are doing business.

We operate in various foreign jurisdictions around the world. These international operations expose us to risks inherent in doing business abroad including exposure to local economic conditions, foreign exchange rate fluctuations and currency controls, investment restrictions or requirements, export and import restrictions, compliance with anti-corruption and anti-bribery laws, compliance with export controls and economic sanctions laws, and unforeseen events such as natural disasters, terrorism or political and civil unrest. As we continue to expand our business globally, we may have difficulty anticipating and effectively managing these and other risks, thus materially impacting our business, financial condition and results of operations.

Our business is subject to numerous environmental and food safety regulations and policies.

Our operations are subject to environmental and food safety regulations and policies in the areas where we operate. Changes in any government laws or regulations applicable to our operations could increase our compliance costs, negatively affect our ability to sell certain products or otherwise adversely affect our results of operations. While we believe we are in compliance with all laws and regulations applicable to our operations, we cannot assure you that we have been, or will at all times be, in compliance with all environmental and food safety requirements, or that we will not incur material costs or liabilities in connection with these requirements. Our failure to comply with any laws, regulations or policies applicable to our business could lead to penalties, loss of our ability to sell certain of our products, possible product recalls and others, any of which could have a material impact on our business, financial condition and results of operations.

Our planned entry into the medicinal cannabis business exposes us to risks associated with laws and regulations governing medicinal cannabis, which are still developing in many parts of the world, and could have an impact on our plans to expand this part of our business.

Our entry into the medicinal cannabis industry is governed by laws and regulations specific to various countries around the world. Many of these laws and regulations are still being developed, and dependent on the outcome of these, our ability to expand our business into new markets and geographies could be impacted.

Our planned medicinal cannabis operations in Colombia are dependent upon final receipt of licenses to cultivate, process and sell, plus staffing and build-out of growing and processing operations.

Our medicinal cannabis operations in Colombia are early-stage and dependent on successful receipt of various licenses from the Colombian Government, the recruitment of management and operational personnel to lead and manage the business, and build-out of growing, processing and marketing operations to ready product for the market. There is no assurance that these activities will be completed in a timely manner, or at all, thus impacting our ability to successfully enter the medicinal cannabis industry.

Risks Related to Ownership of Our Securities

Our stock price may be volatile, which may impact returns to our shareholders.

From time to time stock markets experience extreme price and volume fluctuations, which, when combined with general economic and political conditions, could adversely affect the market price for our securities. In addition, the trading price of our common stock may be volatile and could fluctuate widely in response to many factors, including the following, some of which are beyond our control:

- variations in our operating results;
- changes in expectations of our future financial performance, including financial estimates by securities analysts and investors;
- changes in operating and stock price performance of other companies in our industry;
- additions or departures of key personnel; and
- future sales of our common stock.

Our common shares are thinly traded and our shareholders may be unable to sell at or near ask prices, or at all.

We cannot predict the extent to which an active public market for trading our common stock will be sustained. Our shares have historically been thinly-traded meaning that the number of persons interested in purchasing our common shares at or near bid prices at a certain given time may be relatively small or non-existent.

This situation is attributable to a number of factors, including the fact that we are a smaller company in its development phase which is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community who generate or influence sales volume. Even if we came to the attention of such persons, those persons may be reluctant to follow, purchase, or recommend the purchase of shares of an unproven company such as ours until such time as we become more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous trades without an adverse effect on share price. We cannot be assured that a broader or more active public trading market for our common stock will develop or be sustained, or that current trading levels will be sustained.

We do not anticipate paying any cash dividends to our common shareholders and as a result shareholders may only realize a return when their shares are sold.

We presently do not anticipate that we will pay dividends on any of our common stock in the foreseeable future. If payment of dividends does occur at some point in the future, it would be contingent upon our revenues and earnings, if any, capital requirements, and general financial condition. The payment of any common stock dividends will be at the discretion of our Board of Directors. We presently intend to retain all earnings to implement our business plan; accordingly, we do not anticipate the declaration of any dividends for common stock in the foreseeable future.

Our business is subject to changing regulations related to corporate governance and public disclosure that may increase both our costs and the risk of noncompliance.

Because our common stock is publicly traded, we are subject to certain rules and regulations of federal, provincial and financial market exchange entities charged with the protection of investors and the oversight of companies whose securities are publicly traded. These entities have issued requirements and regulations and continue to develop additional regulations and requirements in response to public concerns. Our efforts to comply with these regulations have resulted in, and are likely to continue resulting in, increasing general and administrative expenses. Because new and modified laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices.

DISCLOSURE AND INTERNAL CONTROLS

Disclosure controls and procedures have been established to provide reasonable assurance that material information relating to the Company is made known to management, particularly during the period in which annual filings are being prepared. Furthermore, internal controls over financial reporting have been established to ensure that the Company's assets are safeguarded and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The Company has worked to enhance our disclosure controls and procedures through the implementation of the *Internal Control – Integrated Framework (2013 Framework)* control framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission, and the *Control Objectives for Information and Related Technology 5.0* framework Issued by the Information Systems Audit and Control Association for the management and governance of information technology.

Management regularly evaluates the effectiveness of the Company's internal controls and as of March 31, 2019 have concluded that these controls and procedures are effective in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company in a timely manner.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.

CORPORATE INFORMATION

Head Office:	1090 Hamilton Street Vancouver, BC, V6B 2R9
Directors:	Steve Bromley (Chair) Jeffrey Klenda (Chair, Audit Committee) Claudio Schreier Javier Reyes Robert Giustra Peter Gianulis
Officers:	Steve Bromley, Interim Chief Executive Officer & President Rients van der Wal, Chief Executive Officer, Organto Europe B.V. Peter Thibaudier, Interim Chief Financial Officer Peter Gianulis, Executive Vice President, Corporate Development Ralf Langner, Interim Corporate Secretary
Auditor:	DMCL LLP 1500 – 1140 West Pender Street Vancouver, BC, V6E 4G1
Legal Counsel:	McMillan LLP Suite 1500 - 1055 West Georgia Street Vancouver, BC, V6E 4N7
Transfer Agent:	Computershare Investor Services 2nd Floor – 510 Burrard Street Vancouver, BC, V6C 3B9

Organto Foods Inc.

1090 Hamilton Street
Vancouver, B.C.
V6B 2R9
Canada

Condensed Interim Consolidated Financial Statements

(Unaudited)

For the Three Months Ended
March 31, 2019

(Stated in Canadian Dollars)

NOTICE OF NO REVIEW BY AUDITOR

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* of The Canadian Securities Administrators we hereby give notice that our condensed interim consolidated financial statements for the three months ended March 31, 2019, which follow this notice, have not been reviewed by an auditor.

(Expressed in Canadian Dollars)

	March 31, 2019 ($)	December 31, 2018 ($)
Assets		
Current assets		
Cash	53,025	189,020
Receivables (note 3)	765,805	574,790
Inventories (note 4)	59,416	67,721
Prepaid expenses (note 5)	101,902	74,668
Assets held for sale (note 6)	-	935,450
	980,148	1,841,649
Non-current assets		
Property, plant and equipment (note 7)	154,907	176,494
Intangible assets (note 8)	1,325,227	1,323,707
Loan receivable (note 9)	66,174	-
Total assets	**2,526,456**	**3,341,850**
Liabilities and Shareholders' deficit		
Current liabilities		
Accounts payable and accrued liabilities (note 16)	2,861,597	2,844,078
Bank loan (note 10)	581,743	-
Loan due to Omega S.A. (note 11)	30,565	270,212
Short-term loans payable (notes 12 and 16)	866,850	926,387
Total liabilities	**4,340,756**	**4,040,677**
Shareholders' deficit		
Share capital (note 13)	16,619,767	16,919,767
Shares to be issued - net (note 8)	753,352	1,193,846
Reserves (note 13(f))	2,468,306	2,367,396
Deficit	(21,955,724)	(21,179,836)
Total shareholders' deficit	**(1,814,300)**	**(698,827)**
	2,526,456	**3,341,850**

Nature of operations and going concern (note 1)
Commitments (note 21)
Subsequent events (note 20)

The accompanying notes are an integral part of these consolidated financial statements.

(Expressed in Canadian Dollars)

	Three months ended	
	March 31, 2019 ($)	**March 31, 2018 ($)**
Sales (note 18)	130,999	13,395
Cost of sales (note 14)	162,130	265,483
Gross loss	(31,131)	(252,088)
Selling, general and administration expenses (note 15)	343,234	430,471
Management fees (note 16)	179,015	209,906
Salaries and benefits (note 16)	102,083	367,364
Stock-based compensation (note 13(b))	87,469	3,636
	(742,932)	(1,263,465)
Other items:		
Interest expense and accretion	(25,646)	(160,370)
Other income	-	23,474
Foreign exchange gain (loss)	(7,310)	(55,370)
Gain on restructuring financial liability	-	107,412
Gain on embedded derivative financial liability	-	13,128
Net loss for the period	**(775,888)**	**(1,442,603)**
Loss per share (note 13(d))		
Basic and diluted	(0.01)	(0.01)

The accompanying notes are an integral part of these consolidated financial statements.

(Expressed in Canadian Dollars)

	Three months ended March 31, 2019 ($)	Three months ended March 31, 2018 ($)
Net loss for the period	(775,888)	(1,442,603)
Other comprehensive income (loss) for the period:		
Item(s) that may subsequently be re-classified to net income or loss:		
Foreign currency translation	13,441	286
Comprehensive loss for the year	**(762,447)**	**(1,442,317)**

The accompanying notes are an integral part of these consolidated financial statements.

Organto Foods Inc.
Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
(Expressed in Canadian Dollars)

	Three months ended	
	March 31, 2019 ($)	**March 31, 2018 ($)**
Operating activities		
Net loss for the year	(775,888)	(1,442,603)
Items not involving cash		
Amortization	14,531	55,171
Stock-based compensation	87,469	3,636
Interest expense and accretion	25,646	151,044
Foreign currency transaction gain	36,460	30,236
Gain on embedded derivative financial liability	-	(13,128)
Cash used in operating activities before changes in non-cash working capital	(611,782)	(1,215,644)
Changes in non-cash working capital (note 17)	(185,260)	405,883
Cash used in operating activities	(797,042)	(809,761)
Investing activities		
Intangible assets	(1,520)	-
Cash used in investing activities	(1,520)	-
Financing activities		
Proceeds from private placements, net of issue costs		
Proceeds from bank loan	581,743	-
Proceeds from short-term loans	114,000	694,707
Repayment of convertible loan payable	-	(28,456)
Proceeds from share options and warrants exercised		
Repayment of short-term loans		
Loan and interest payments to Omega		
Interest paid	(32,813)	
Cash from financing activities	662,930	666,251
Effect of foreign exchange on cash	(363)	52
Increase in cash	(135,995)	(143,458)
Cash, beginning of year	189,020	172,025
Cash, end of year	**53,025**	**28,567**

Supplemental cash flow information (note 17).

The accompanying notes are an integral part of these consolidated financial statements.

Organto Foods Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficit (Unaudited)

For the Three Months Ended March 31, 2019 and 2018

(Expressed in Canadian Dollars)

	Number of shares	Share capital ($)	Shares to be issued (cancelled) ($)	Reserves ($)	Deficit ($)	Total ($)
Balance at December 31, 2017	112,263,903	10,953,208	-	2,160,270	(15,677,656)	(2,564,178)
Gross proceeds received from private placements	31,000,000	2,700,000	-	-	-	2,700,000
Share issue costs	-	(7,455)	-	-	-	(7,455)
Exercise of stock options	35,000	3,923	-	(1,648)	-	2,275
Stock-based compensation (note 13(b))	-	-	-	123,311	-	123,311
Shares issued to settle accounts payable	4,090,960	316,610	-	-	-	316,610
Shares issued to settle loans payable	2,269,230	748,846	-	-	-	748,846
Shares issued to settle convertible debentures	13,330,262	2,204,635	-	-	-	2,204,635
Shares to be issued on receipt of Colombian license (note 8)	-	-	1,193,846	-	-	1,193,846
Comprehensive loss for the year	-	-	-	85,463	(5,502,180)	(5,416,717)
Balance at December 31, 2018	**162,989,355**	**16,919,767**	**1,193,846**	**2,367,396**	**(21,179,836)**	**(698,827)**
Stock-based compensation (note 13(b))	-	-	-	87,469	-	87,469
Shares returned and cancelled (note 6)	-	-	(440,495)	-	-	(440,495)
Comprehensive loss for the year	-	-	-	13,441	(775,888)	(762,447)
Balance at March 31, 2019	**162,989,355**	**16,919,767**	**753,351**	**2,468,306**	**(21,955,724)**	**(1,814,300)**

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of operations and going concern

Organto Foods Inc. ("Organto" or "the Company") is engaged in the sourcing, processing, packaging and distribution of organic and specialty food products with a focus on branded organic value-added vegetables and fruit products and recently entered the medicinal cannabis market. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSXV") and are traded under the stock symbol "OGO".

Incorporated on May 18, 2007 under the laws of the Province of British Columbia, Canada, and previously known as Columbus Exploration Corporation ("Columbus Exploration"), Organto was formed upon the completion of a reverse takeover of Columbus Exploration by Agricola Nuova Terra Guatemala S.A. ("Agricola") on November 30, 2015 whereby Argricola became a wholly-owned subsidiary of Organto. For the purposes of these consolidated financial statements, the "Company" is defined as Organto and its subsidiaries.

In November 2018 Organto acquired 100% of Medicannabis, S.A.S., a privately held Colombian medicinal cannabis corporation that was a late-stage applicant for licenses to cultivate and process cannabis in Colombia. In April 2019, Organto issued 7,000,000 common shares to the original shareholders of Medicannabis upon receipt of one of the licenses for which Medicannabis had applied. See also notes 8 and 20.

These consolidated financial statements have been prepared on a going concern basis which implies that the Company will continue realizing its assets and discharging its liabilities in the normal course of business for the foreseeable future. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values of assets and liabilities may be required. The operations of the Company have historically been funded by the issue of share capital, short-term loans and convertible loans. At March 31, 2019, the Company had a working capital deficiency of $3,360,608 (December 31, 2018 - $2,199,028) and an accumulated deficit of $21,955,724 (December 31, 2018 - $21,179,836). Accordingly, the ability of the Company to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to obtain additional financing as needed, continued financial support from related parties, and ultimately on generating future profitable operations. The factors described may cast significant doubt about the Company's ability to continue as a going concern.

The Company's head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, Canada. The Company has a sales and administration office in Breda, the Netherlands and regional satellite offices are located in Mexico, Guatemala, Argentina and the USA.

2. Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the most recent annual financial statements for the year ending December 31, 2018. Certain amounts in the prior period have been reclassified to conform to the presentation in the current period.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on May 30, 2019.

(Expressed in Canadian Dollars)

3. Receivables

	March 31, 2019 ($)	December 31, 2018 ($)
Trade receivables	104,843	263,936
VAT recoverable	63,227	35,142
Insurance claims receivable	596,584	260,819
Other	1,151	14,893
	765,805	**574,790**

4. Inventories

	March 31, 2019 ($)	December 31, 2018 ($)
Packing material	59,416	62,542
Agricultural inputs	-	-
Finished goods	-	5,180
	59,416	**67,721**

5. Prepaid expenses

	March 31, 2019 ($)	December 31, 2018 ($)
Advances to third-party producers	59,497	56,094
Prepaid insurance	26,250	-
Other advances and retainers	16,155	18,574
	101,902	**74,668**

6. Assets held for sale

In March 2019, subject to shareholder and TSX-V approval, the Company entered into an agreement to sell the Company's processing plant and related assets, including land, buildings and processing equipment, located in Guatemala, to Organizacion de Marcadeo SA (“Omega”), a company controlled by one of the founding shareholders of Organto Guatemala, S.A., now a subsidiary of the Company.

Under the terms of the agreement, Omega acquired the assets on an as-is basis for consideration of $935,450. Consideration was paid through the discharge of certain loans from Omega and related parties to Organto in the amount of $428,782 (US$314,647), cancellation of 5,873,257 common shares of Organto, and the assumption of an interest-free note payable from Omega in the amount of $77,185 (US$56,628), due on the second anniversary of the closing date and secured by a lien on the assets. At December 31, 2018 the fair value of the shares to be cancelled was determined to be $440,494, and the fair value of the loan payable was determined to be $66,174.

(Expressed in Canadian Dollars)

7. Property, plant and equipment

	Buildings ($)	Machinery & equipment ($)	Furniture and other ($)	Land ($)	Construction in progress ($)	Total ($)
Cost						
At January 1, 2018	977,718	1,393,129	141,539	108,922	52,349	2,673,657
Dispositions	-	(21,101)	(39,261)	(86,344)	-	(146,706)
Impairment	(356,732)	(399,817)	(32,156)	(8,507)	(20,194)	(817,406)
Reclassification to assets held for sale	(650,570)	(729,144)	(58,642)	(15,514)	(36,828)	(1,490,698)
Foreign exchange	29,584	39,765	(10,680)	1,442	4,674	64,785
At December 31, 2018	**-**	**282,832**	**800**	**-**	**-**	**283,632**
Foreign exchange	-	(11,369)	-	-	-	(11,369)
At March 31, 2019	**-**	**271,463**	**800**	**-**	**-**	**272,263**
Accumulated amortization						
At January 1, 2018	(300,489)	(407,392)	(32,940)	-	-	(740,821)
Amortization for the year	(49,307)	(118,940)	(2,132)	-	-	(170,379)
Dispositions	-	-	18,814	-	-	18,814
Impairment	127,473	160,978	16,012	-	-	304,463
Reclassification to assets held for sale	232,472	293,574	29,201	-	-	555,248
Foreign exchange	(10,150)	(34,581)	(29,732)	-	-	(74,463)
At December 31, 2018	**-**	**(106,361)**	**(778)**	**-**	**-**	**(107,138)**
Amortization for the period	-	(14,509)	(22)	-	-	(14,531)
Foreign exchange	-	4,313	-	-	-	4,313
At March 31, 2019	**-**	**(116,556)**	**(800)**	**-**	**-**	**(117,356)**
Net book value						
At December 31, 2018	**-**	**176,472**	**22**	**-**	**-**	**176,494**
At March 31, 2019	**-**	**154,907**	**-**	**-**	**-**	**154,907**

8. Intangible assets

In November 2018, the Company acquired a 100% interest in Medicannabis SAS (“Medicannabis”), by agreeing to assume net liabilities of Medicannabis totalling $25,051. Medicannabis is a privately held Colombian medicinal cannabis company that was a late-stage applicant for licences to enable it to cultivate and process cannabis in Colombia. Its primary asset consisted of its applications for cannabis cultivation, processing and distribution licenses in Colombia. The Company allocated the purchase price of $25,051 to the license applications.

As part of the agreement to acquire the shares of Medicannabis, the Company would issue 7,000,000 common shares to the former shareholders of Medicannabis and 461,538 common shares to third parties as finders’ fees upon the receipt of the first license from the Colombian government. A CBD cultivation license was received in January 2019 and the 7,461,538 common shares were issued in April 2019. A value of $1,193,846 was attributed to these shares to be issued and this amount was added to licenses.

(Expressed in Canadian Dollars)

Intangible assets are comprised of the following:

	March 31, 2019 ($)	December 31, 2018 ($)
Cultivar rights	100,911	-
Colombian license	1,222,796	-
	1,323,707	**-**

Colombian license costs consist of the portion of the purchase price allocated to licenses, the value of the shares to be issued to the former shareholders of Medicannabis and government registration fees paid.

These intangible assets have an indefinite life and will be subject to annual impairment tests.

See also note 20.

9. Loan receivable

In March 2019, the Company sold its processing plant in Guatemala for proceeds including an interest-free note payable by the purchaser in the amount of US$56,628. This note is due in March 2021 and is secured by a lien on the processing plant. The loan is recorded at its fair value of $66,174 and will be accreted to face value over the 2 year term.

10. Bank loan

In January 2019, the Company established a revolving credit facility with a Mexican bank for up to US$500,000. Interest is payable monthly at 12% on any funds borrowed. A one time fee of US$5,000 was paid to establish this facility and is included in interest expense.

A continuity of the balance is shown below:

	($)
Balance at January 1, 2019	-
Proceeds	581,743
Balance at March 31, 2019	**581,743**

Accrued interest is recorded in accounts payable.

11. Loan due to Omega S.A.

The Company had a loan payable to Organizacion de Marcadeo SA ("Omega") in the amount of $326,067 (US$242,844), which accrued interest at 8.5% per annum and was due on October 31, 2016. During 2015, Omega advanced an additional $63,973 (Guatemalan Quetzals ("Q") Q400,050), with an interest rate of 42% per annum, and another advance of $38,698 (US$28,821), interest free. A payment of $37,391 (US$28,821) was made to Omega on July 4, 2017.

On July 27, 2017, the Company reached a settlement agreement with Omega, to settle all amounts owing at the time to Omega and $262,492 (US$202,328) owing to a 3rd party, by making payments totalling US$225,000 in 2017 and US$298,248 in 2018.

The Company did not pay any amounts due in 2018 and in June 2018 Omega and the Company agreed to amend the terms of the settlement agreement by fixing the amount due to the then current amount of US$298,248 and waiving further interest charges. The agreed payment plan called for payments of US$55,000 in July 2018, payments of US$15,000 per month for August through November 2018, and then payments of US$22,906 per month for December 2018 through July 2019. Payments of US$100,000 were made in 2018.

This loan was partially settled when the Company sold its processing plant in Guatemala. Under the terms of the sale agreement, part of the consideration paid was the discharge of US$175,348 of the loan from Omega leaving a balance owing of $30,565 (US$22,900). The US$22,900 is payable within 5 business days after the Company completes an equity financing of at least $200,000.

A continuity of the balances is shown below:

	($)
Balance at January 1, 2018	372,148
Accrued interest	23,074
Payments	(132,822)
Foreign exchange	7,812
Balance at December 31, 2018	**270,212**
Loan settled	(238,999)
Foreign exchange	(648)
Balance at March 31, 2019	**30,565**

See also note 20.

12. Loans payable

During the year ended December 31, 2018 the Company received $818,740 in bridge loans from insiders and certain shareholders and $107,647 in interest-free short term loans from an officer and two directors. All loans are unsecured and have a term of either one year or no fixed terms of repayment. One of the loans from a director is denominated and repayable in US dollars and the loans from the officer is denominated and repayable in Euros. Interest rates range from 0% to 8% with interest paid in equal monthly payments totalling $5,000 per month on all interest bearing loans. Accrued interest is recorded in accrued liablilities.

Two of these loans were settled in March 2019 when the Company sold its processing plant in Guatemala. Under the terms of the sale agreement, part of the consideration paid was the discharge of the loans from Omega with maturity dates of March 27, 2019 and April 5, 2019.

In March 2019 the Company signed promissory notes totalling $114,000. These notes are non-interest bearing and are due on demand anytime after May 7, 2019.

As the loans are expected to be repaid in the near future they are recorded at their loan amounts which is considered to be a close approximation of their fair value.

Maturity date	Interest rate	March 31, 2019 ($)	December 31, 2018 ($)
February 1, 2019	8%	140,000	140,000
February 21, 2019	8%	322,093	322,093
March 13, 2019	8%	107,348	107,348
March 27, 2019	0%	-	66,679
April 3, 2019	4%	68,961	68,961
April 5, 2019	0%	-	104,659
April 25, 2019	4%	9,000	9,000
		647,402	818,740
No fixed maturity date	0%	219,448	107,647
		866,850	**926,387**

(Expressed in Canadian Dollars)

A continuity of the balances is shown below:

	($)
Balance at January 1, 2018	-
Proceeds from loans	926,387
Balance at December 31, 2018	**926,387**
Proceeds from loans	114,000
Loans settled	(171,338)
Foreign exchange	(2,199)
Balance at March 31, 2019	**866,850**

See also notes 18 and 20.

13. Share capital

(a) Common shares

The Company is authorized to issue an unlimited common shares without par value.

At March 31, 2019 the Company had 162,989,355 common shares issued and outstanding (December 31, 2017 – 162,989,355).

See also note 20.

(b) Share options

The Company has adopted a rolling stock option plan whereby the Board of Directors, may from time to time, grant options to directors, officers, employees or non-employee service providers to a maximum of 10% of the outstanding common shares of the Company at any point in time, less any share options already reserved for issuance under share options granted under previous stock option plans of the Company or granted under any other employee incentive purchase plan that the Company may adopt. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's Board of Directors.

The continuity of the Company's share options is as follows:

	Total options		**Exercisable options**	
	Total options	**Weighted average exercise price ($)**	**Exercisable options**	**Weighted average exercise price ($)**
Balance, January 1, 2018	9,715,000	0.18	6,918,250	0.19
Granted	6,350,000	0.14	1,395,500	0.135
Exercised	(35,000)	0.065	(35,000)	0.065
Forefeited	(3,300,000)	0.18	(1,700,000)	0.18
Expired	(300,000)	0.19	(300,000)	0.19
Vested during year	-	-	77,500	0.15
Balance at December 31, 2018	**12,430,000**	**0.16**	**6,356,250**	**0.18**
Balance at March 31, 2019	**12,430,000**	**0.16**	**6,356,250**	**0.18**

(Expressed in Canadian Dollars)

A summary of the Company's share options outstanding and exercisable at March 31, 2019 is as follows:

	Options outstanding		Options exercisable	
Exercise price ($)	**Number of options outstanding**	**Weighted average remaining contractual life (years)**	**Number of options exercisable**	**Weighted average remaining contractual life (years)**
0.13	200,000	0.06	80,000	0.05
0.135	5,750,000	2.18	1,276,250	0.94
0.15	635,000	0.23	155,000	0.09
0.18	3,820,000	1.04	2,820,000	1.49
0.20	2,025,000	0.25	2,025,000	0.50
	12,430,000	**3.76**	**6,356,250**	**3.07**

The Company recognizes stock based compensation over the vesting period of the underlying options using the Black-Scholes Option Pricing Model for those options with set vesting dates and the Binomial Method for those options which vest based on market conditions. Option pricing methods require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted and/or vested during the period. The fair value of the options granted in 2018 was calculated using the Black-Scholes model with the following inputs: expected price volatility of 121-128%, risk free interest rate of 1.90%, expected life of 5 years and no dividend yield. The fair value of share options granted in 2017 with set vesting dates was estimated on the date of grant using the Black-Scholes Option Pricing Model with the following: expected price volatility of 121%, risk free interest rate of 1.70%, expected life of options of 4 years, and no dividend yield. Options which vest on market conditions were valued using the Binomial Method with the following: expected price volatility of 121%, risk free interest rate of 1.70%, expected life of options of 5 years, and no dividend yield.

The Company recognized $87,469 in the three months ended March 31, 2019 (2018 - $3,636) as stock based compensation expense.

(c) Warrants

Warrants are exercisable as follows:

Grant date	**Number of warrants**	**Exercise price ($)**	**Expiration date**		**Fair value per warrant ($)**	**Total fair value ($)**
June 20, 2017	12,699,634	0.17	June 20, 2019	*	-	-
June 20, 2017	457,869	0.15	June 20, 2019		0.10	49,059
August 3, 2017	2,165,208	0.17	August 3, 2019	*	-	-
August 3, 2017	8,000	0.15	August 3, 2019		0.08	629
September 8, 2017	13,500,000	0.17	September 8, 2019	*	-	-
September 11, 2017	6,065,000	0.17	September 11, 2019	*	-	-
September 11, 2017	1,194,667	0.15	September 11, 2019		0.08	106,731
August 13, 2018	10,000,000	0.15	August 13, 2019	**		
November 15, 2018	5,500,000	0.20	May 15, 2020	**		
	51,590,378					**156,419**

* These warrants were originally issued with an exercise price of $0.25 and an early expiry provision whereby in the event the Company's common shares trade on the TSXV at a price of $0.35 or more for a period of 10 consecutive trading days then the Company will have the right to accelerate the expiry date of the warrants to the earlier of (i) the 30th day after the date on which such notice is given; and (ii) the actual expiry date of the warrants. In August

(Expressed in Canadian Dollars)

2018 the warrants were amended and the exercise price was changed from $0.25 to $0.17 and the early expiry provision trigger price of $0.35 was changed to $0.21.

** In the event the Company's common shares trade on the TSXV at a price of $0.25 or more for a period of 10 consecutive trading days then the Company will have the right to accelerate the expiry date of the warrants to the earlier of (i) the 30th day after the date on which such notice is given; and (ii) the actual expiry date of the warrants.

The continuity of the Company's warrants is as follows:

	Number of warrants	Weighted average exercise price ($)
Balance at January 1, 2018	37,215,603	0.24
Granted	15,500,000	0.17
Expired	(1,125,225)	0.21
Balance at December 31, 2018	**51,590,378**	**0.17**
Balance at March 31, 2019	**51,590,378**	**0.17**

(d) Loss per share

	Three months ended	
	March 31, 2019 ($)	**March 31, 2018 ($)**
Net loss for the period	**(775,888)**	**(1,442,603)**
Basic and diluted net loss per share	(0.01)	(0.01)
Weighted average number of shares outstanding	**162,989,355**	**112,263,903**

For the three months ended March 31, 2019 there were 12,430,000 (2017 – 9,415,000) share options and 51,590,378 warrants (2017 – 37,155,073) that are potentially dilutive but not included in the diluted loss per share calculation as the effect would be anti-dilutive.

(e) Escrow shares

As at March 31, 2019, 4,456,961 (2017 - 22,284,842) shares originally issued to Organto Guatemala shareholders are still subject to escrow provisions.

(Expressed in Canadian Dollars)

(f) Reserves

	Options ($)	Warrants ($)	Other reserves ($)	Cumulative translation ($)	Total ($)
Balance, January 1, 2018	671,417	235,471	592,513	660,869	2,160,270
Stock-based compensation	123,311	-	-	-	123,311
Exercise of stock options	(1,648)	-	-	-	(1,648)
Accumulated comprehensive income	-	-	-	85,463	85,463
Balance at December 31, 2018	**793,080**	**235,471**	**592,513**	**746,332**	**2,367,396**
Stock-based compensation	87,469	-	-	-	87,469
Accumulated comprehensive income	-	-	-	13,424	13,424
Balance at March 31, 2019	**800,549**	**235,471**	**592,513**	**759,756**	**2,468,289**

14. Cost of sales

	Three months ended	
	March 31, 2019 ($)	**March 31, 2018 ($)**
Materials and transportation	85,897	97,117
Produce purchases	71,063	13,336
Salaries and benefits	-	56,054
Amortization	-	55,171
Plant overhead	5,170	43,805
	162,130	**265,483**

15. Selling, general and administration expenses

	Three months ended	
	March 31, 2019 ($)	**March 31, 2018 ($)**
Administration and office	114,360	282,377
Professional fees	197,370	133,533
Amortization	14,531	-
Overhead and operating	16,973	54,563
	343,234	**430,473**

16. Related party transactions

(a) Key management personnel compensation:

	Three months ended	
	March 31, 2019 ($)	**March 31, 2018 ($)**
Salaries, consulting and management fees	141,575	272,706
Short-term employee benefits	4,859	4,707
Stock based compensation	58,770	-
	205,204	**277,413**

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the periods ended March 31, 2019 and 2018.

(Expressed in Canadian Dollars)

(b) Transactions with related parties:

	Three months ended March 31, 2019 ($)	Three months ended March 31, 2018 ($)
Purchase of management and administrative services from companies with common directors or officers	82,184	30,000
	82,184	**30,000**

(c) Advances to related parties:

	March 31, 2019 ($)	March 31, 2018 ($)
Advances	-	96,998
Balance, end of period	**-**	**96,998**

(d) Outstanding balances included in accounts payable arising from purchases of services:

	March 31, 2019 ($)	March 31, 2018 ($)
Salaries, consulting and management fees	397,265	69,542
Directors' fees	-	52,000
Administration services	57,949	250,139
Expense reimbursements	66,495	83,410
Balance, end of period	**521,709**	**455,091**

(e) Loans from directors and key management personnel:

	March 31, 2019 ($)	March 31, 2018 ($)
Balance, beginning of period	107,647	-
Foreign exchange	(2,198)	-
Balance, end of period	**105,449**	**-**

17. Supplemental cash flow information

	Three months ended March 31, 2019 ($)	Three months ended March 31, 2018 ($)
Changes in non-cash working capital		
Receivables	(191,015)	220,844
Inventories	8,305	2,567
Prepaid expenses	(27,235)	24,397
Accounts payable and accrued liabilities	24,685	158,075
	(185,260)	**405,883**

(Expressed in Canadian Dollars)

18. Segmented information

The Company has one reportable business segment, being the sourcing, processing, packaging and distribution of organic and specialty food products. Significant customer sales are:

		Three months ended			
Customer	**Customer Location**	**March 31, 2019 ($)**	**%**	**March 31, 2018 ($)**	**%**
Customer A	Europe	116,579	89%	-	-
Others	Europe	-	-	13,395	100%
Others	Mexico	14,420	11%	-	-
		130,999	**100%**	**13,395**	**100%**

Information by geographical areas is as follows:

	March 31, 2019 ($)	**December 31, 2018 ($)**
Non-current assets		
Canada	66,174	-
Netherlands	154,906	176,494
Colombia	1,325,227	-
Guatemala	-	1,323,707
	1,546,308	1,500,201

19. Commitments

At March 31, 2019, the Company has the following commitments:

	Within 1 year ($)	**Between 1 and 5 years ($)**	**After 5 years ($)**	**Total ($)**
Lease payments for land use	45,264	215,905	-	261,170
Management and administration fees	136,985	-	-	136,985
Bank loan	581,743	-	-	581,743
Loan payable to Omega S.A.	30,565	-	-	30,565
Short-term loans payable	866,850	-	-	866,850
	1,661,407	**215,905**	**-**	**1,877,313**

As part of the Medicannabis acquisition, the Company entered into a land lease for monthly payments of 9,000,000 Colombian pesos ($3,750) per month beginning in January 2019.

20. Subsequent events

Issue of shares in connection with acquisition of Medicannabis

In April 2019, the Company received final acceptance of the TSXV and issued 7,000,000 common shares ("Acquisition Shares") to the original shareholders of Medicannabis S.A.S., the privately held Colombian medicinal cannabis company which was acquired by Organto in November 2018. In addition, Organto issued 461,538 common shares ("Finder's Shares") as a finder's fee in accordance with the policies of the TSXV. The Acquisition Shares and Finder's Shares will be subject to a four month hold period under applicable securities regulations which will expire on August 8, 2019 and will also be subject to contractual release limitations over a three-year period.

Extension of short-term loans payable

In April 2019 the Company entered into an agreement to extend short-term loans payable in the amount of $647,408. Under the terms of the extension all outstanding amounts were extended one-year from the date of the initial loan and will be payable on the new expiry date. Commencing May 15, 2019 and each month thereafter, the Company will make equal monthly payments of $8,620 reflecting principal and interest and will make lump some payments based on funds raised via equity financings, warrant exercises and proceeds from potential funds raised in relation to the Company's medicinal cannabis assets. Should the Company exit its cannabis operations any outstanding amounts due under these short-term loans will be immediately due and payable.

Promissory notes

In April and May 2019 the Company signed promissory notes for cash proceeds totalling $331,000. These notes are non-interest bearing and are due on demand any time after May 7, 2019.