Organto Foods Inc.

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Management's Discussion and Analysis

For the Year Ended
December 31, 2016

(Stated in Canadian Dollars)

Dated April 27, 2017

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Basis of Presentation

The following Management's Discussion and Analysis ("MD&A") provides an overview of the operations of Organto Foods Inc. for the three months and year ended December 31, 2016. This report should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2016, which was 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 December 31, 2016, and "this year" or "current year" refers to the year ended December 31, 2016.

This MD&A is dated April 27, 2017.

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; the ability to meet import and export requirements; general business and economic conditions; the timing of the receipt of any required approvals for operations; the availability of equity and other financing on reasonable terms; energy prices; our ability to procure required volumes of organic produce from strategic third party suppliers; our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; our ability to attract and retain skilled labour and staff; the impact of changes in the Canadian/US dollar and other foreign exchange rates on costs and results; transportation and logistics costs; market competition; and ongoing relations with our employees and with our business partners.

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 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 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.

History and Legal Structure

History

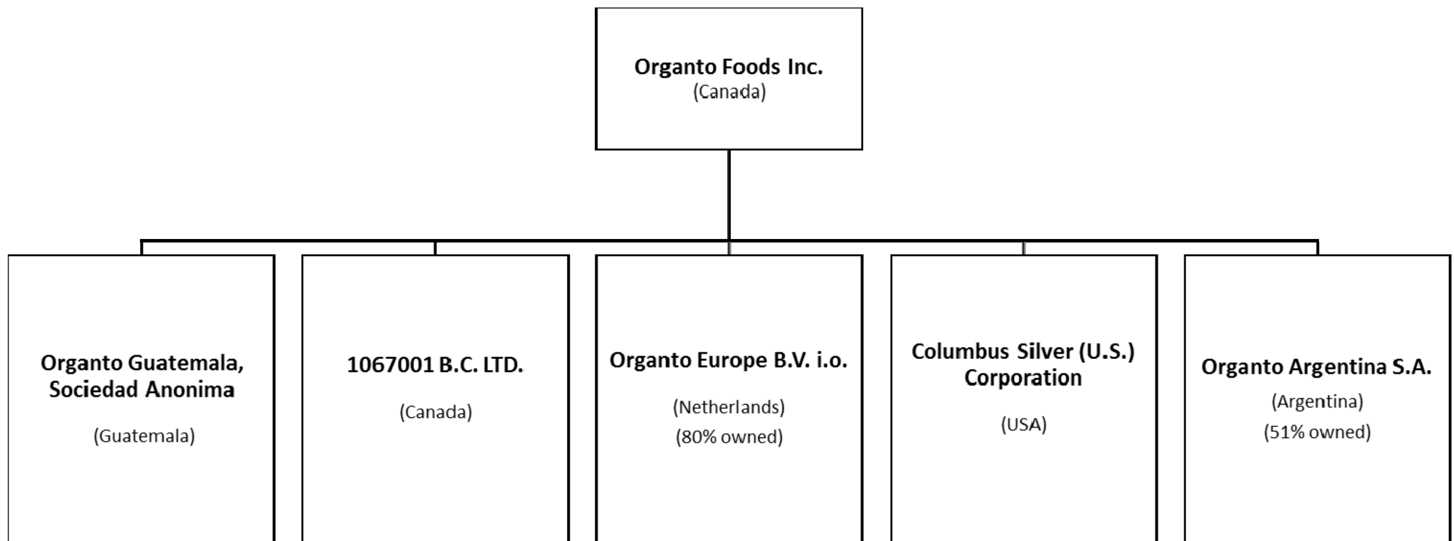
In March 2014 Agricola Nuova Terra S.A. ("Agricola"), a privately owned business, commenced operations to build out a global year round organic supply platform focused on the production and distribution of value-added branded organic vegetables.

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 vertically integrated year round organic foods along with our commitment to sustainable and socially conscious business practices. Currently we have growing and processing operations in Guatemala and growing operations in Argentina with efforts focused on expanding into Africa, Mexico and other geographies as our platform is built out. Our head office is in Vancouver, British Columbia and we also have offices in Miami, Florida and in the Netherlands. Further details regarding our operations are provided later in this report under the heading Operations.

Legal Structure

We have five subsidiaries in the jurisdictions listed below. All subsidiaries are wholly owned by Organto Foods Inc. unless noted otherwise.



Our head office is located at 1090 Hamilton Street, Vancouver, British Columbia, Canada.

Our fiscal year end is December 31st.

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. At December 31, 2016, we had 76,771,801 common shares issued and outstanding. At the date of this MD&A, we have 76,816,187 shares issued and outstanding.

At the date of this MD&A and at December 31, 2016, we had 2,420,000 share options outstanding with exercise prices ranging from $0.065 to $0.20 and 445,475 warrants outstanding with exercise prices ranging from $0.30 to $0.35.

Strategy

Our mission is "to be a leading vertically integrated organic value-added vegetable brand serving a growing socially responsible and health conscious consumer around the globe".

We employ a business model that is integrated from the "table to the field". Driven by consumer demand for healthy and organic food products, we have built and continue to build out a platform to deliver value-added branded products to meet these needs via an integrated model with extensive logistics, processing and growing capabilities, providing 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 focused strategic blueprint is centered on three key strategic pillars: *Supply, Brand and Infrastructure*.

- *Supply* – continued development of year round vertically integrated organic supply chain capabilities;
- *Brand* – building the Organto brand as the leading brand in organic value-added vegetables; and
- *Infrastructure* – continued build-out of our resource base to finance and support business growth.

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 sales of organic products grew 10.9% in 2015 to over US$43 billion, much ahead of the growth in sales of conventional products. 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. And this is not just a US phenomenon. According to an ABN AMRO report dated June 23, 2016, "by 2020 it is expected that global organic food consumption will reach US $160 billion, to reach the expected growth there must be sufficient supply".

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

Business Developments in 2016 and 2017 to Date

We received new bridge loans totalling $268,540 (US$200,000) in April 2017. The loans are unsecured, bear interest at a rate of 8% per annum and have a one year repayment term, subject to the option of the lenders to demand early repayment any time after Organto has announced the completion of an equity financing for aggregate proceeds of at least $1,342,700 (US$1,000,000). An aggregate of 1,000,000 non-transferable warrants will be issued to the lenders, exercisable for a term of 1 year from the date of the loan agreements, at $0.20 per share. The new bridge loan agreements are subject to the approval of the TSX-V.

On April 20, 2017, we announced that we commenced retail sales of our organic green beans into the Ahold Delhaize Group, the 10th largest supermarket in the world. Our products will first be added to the Delhaize chain in Belgium.

On April 19, 2017, we announced key leadership changes. Effective May 1, 2017 Arnoud Maas has been appointed Chief Executive Officer, succeeding Peter Gianulis who will transition into the role of Executive Vice President, Corporate Development and continue as a Director of the Board. In addition, Steve Bromley has been appointed as Strategic Advisor to the CEO and Board of Directors, focused on strategic development, business execution, risk management and governance matters. The Board of Directors intends to nominate Mr. Maas and Mr. Bromley to Organto's Board of Directors at the upcoming AGM planned for July or August 2017.

Mr. Maas has a long history in the consumer goods sector, particularly in the European and Asian food divisions of the former Sara Lee Corporation, which had operations in more than 40 countries and sold its product in over 180 nations worldwide. In the last three years, he has worked closely with the CEO and Board of Vroegop, a leading vertically integrated organic food company based in the Netherlands, where he assisted in strategically opening new distribution channels and market opportunities. Early in his career, Mr. Maas was a partner at Accenture, Kurt Salmon, as well as Capgemini Consulting, specializing in the consumer goods sector. He later held senior executive positons in retail, including as CEO of a leading chain of bookstores, and ultimately in the food sector, where he gained essential multi-jurisdictional management experience and extensive industry contacts. Mr. Maas holds a business degree from Sheffield University in the UK and a Masters in Economics from Keio University in Tokyo.

Mr. Bromley brings over 30 years of food industry experience to Organto, having served as CEO and a Director of SunOpta Inc. from 2007-2015. SunOpta is a global leader in non-GMO, organic and specialty foods with revenues in excess of $1 billion, substantial manufacturing and integrated supply operations, and a diverse global customer base. Mr. Bromley joined SunOpta in 2001 as CFO and served in that role until 2004 when he was appointed President and COO, through to his appointment as CEO. Prior to joining SunOpta, Mr. Bromley spent 15 years in the dairy and meat industries and four years in public accounting. Mr. Bromley is a Chartered Professional Accountant and Certified General Accountant.

On March 14, 2017 we signed a settlement agreement with Arturo Bickford and Omega S.A., in which they assumed certain debts of the Company (including an outstanding debt for US$185,000 as part of the RTO) and in which we agreed to pay Arturo Bickford US$510,000 (US$60,000 due on signing, US$70,000 due in 8 weeks following signing, a US$200,000 convertible note with no interest, convertible at $0.20 per share, due in six months or earlier if we raise US$1.0 million in equity, and a US$180,000 term note with no interest, due in six months or earlier if we raise over US$1.5 million in equity)

On February 24, 2017, we announced commencement of sales to COOP Danmark, one of the largest food retailers in Europe.

On February 23, 2017, we announced a non-brokered convertible debenture private placement of $2,035,000. The convertible debentures (the "Debentures") issued pursuant to the private placement are unsecured, have a term of three years, and bear interest of 8% annually, payable in arrears starting one year after the date of issuance of such Debentures. Holders may elect to convert the principal amount of their Debentures into common shares of Organto at a price of $0.35 per share until the maturity date.

On January 26, 2017, we announced the appointment of Marcus Meurs as Chief Operating Officer, which followed the resignation of Mr. Andres Barresi from the role of Chief Operating Officer effective January 14, 2017. With this appointment, Mr. Meurs assumes responsibility for all operating aspects of Organto's "table to field" integrated organic produce business model including sourcing, procurement, processing, logistics, product development, sales and marketing.

On January 9, 2017, we announced the appointment of Marcus Meurs as President and Director of the Company. Mr. Meurs is a dynamic Dutch entrepreneur with more than 25 years of global experience in the conventional and organic foods industry. Prior to joining Organto he founded Pure Nature Organics and the Pure Nature brand, and grew the company to approximately US$35 million in sales before selling the business. Mr. Meurs has deep experience in managing all facets of an international foods business including operations, processing, logistics, sales and pricing, strategic development and product development. Mr. Meurs has an MBA in International Management, a Bachelor of Business Administration and a Bachelor of Business Information Systems from the European University in Antwerp.

On November 28, 2016, we announced that we had reached an agreement with Amfri Farms Limited ("Amfri"), a 600 hectare (1500 acre) Demeter Biodynamic farm based in Uganda. As per the terms of the agreement, Amfri will grow Organic and Demeter certified organic products under the Organto brand to be distributed to our growing customer base throughout Europe. The Demeter certification denotes a farm using a biodynamic methodology that treats soil fertility, plant life and livestock as ecologically interrelated tasks and is globally recognized as one of the most complete organic certifications. Initial product shipments are expected in the second quarter of 2017.

On November 1, 2016, we closed the second tranche of a non-brokered private placement. Gross proceeds of $665,975 were raised from the sale at $0.30 per share for a total of 2,219,917 common shares. We paid a finder's fee of $31,558 and issued finder's warrants for the purchase of up to 20,250 shares exercisable at $0.35 per share until November 2, 2017, resulting in net proceeds of $634,417. The common shares were subject to a four month hold period which expired on March 1, 2017.

On October 19, 2016 we announced that we received organic certifications in the United States under the US Department of Agriculture's National Organic Program (USDA NOP), and in Europe under the International Federation of Organic Agriculture Movements (IFOAM). The certifications apply to approximately 23 hectares of farmland in Córdoba, Argentina and 60 hectares in Mar de Plata, Argentina.

On August 23, 2016, we announced that we had received registered trademark status for the Organto name, which was granted by the US Patent and Trademark Office (USPTO). In addition, the USPTO issued a Notice of Allowance on the Organto Federal Trademark Application for use in connection with goods in classes 29 (frozen, dried and cooked fruits and vegetables), 30 (spices and dried herbs), 31 (fresh fruits, vegetables and herbs) and 32 (fruit beverages and juices).

On July 27, 2016, we closed the first tranche of our non-brokered private placement. Gross proceeds of $552,043 were raised from the sale at $0.30 per share for a total of 1,840,143 common shares (the "Shares"). Net proceeds were $533,884. The Shares were subject to a four month hold period which expired on November 27, 2016.

On June 20, 2016, we entered into a letter of intent ("LOI") for a new food and agricultural joint venture with a privately owned real estate investment management firm in Mexico. The purpose of the proposed joint venture was to form an operating company to acquire, develop, own, manage or otherwise invest in food and agriculture assets or entities which produce, directly or indirectly, organic fruits and vegetables throughout Mexico. After completing a full assessment of the merits of this proposed venture, we decided to pursue strategic third party growing and supply relationships in Mexico rather than invest directly in agricultural assets as contemplated by the proposed joint venture. As a result the LOI has expired.

On May 20, 2016 we announced that Andrew Yau, CPA, CGA was appointed as Chief Financial Officer. Prior to this appointment Mr. Yau served as Corporate Controller of Organto. Mr. Yau holds s a Bachelor of Commerce and Business Administration degree from the University of British Columbia and has been in accounting and finance roles with publicly listed companies since 2006. Mr. Yau has an extensive accounting background, having previously served as Controller of several TSX and TSX-V listed companies where he was responsible for all aspects of accounting, tax compliance, managing banking relationships, financial reporting, and developing internal control frameworks. Mr. Yau assumed the position from Akbar Hassanally, who left to pursue other opportunities.

On May 11, 2016, we announced the creation of a new majority-owned subsidiary, Organto Argentina S.A. ("Organto Argentina"). At the same time we entered into an agreement with Maresba, S.A. ("Maresba"), a large producer of organic fruit from the Patagonian region of Argentina, , whereby they agreed to process and store products we grow in the region based on terms to be determined as supply becomes available .

On April 28, 2016, we announced that we had entered into an exclusive distribution agreement for the U.S. market with Fairtrasa, a Swiss based producer of organic, fair trade products from small-scale farmers in Mexico, Peru, Columbia, Chile, Argentina and the Dominican Republic, whereby we were the exclusive importer and distributor of Fairtrasa fair trade, organic bananas into the U.S. market. The multi-year agreement was subject to an initial provisional period and provided for the importation, distribution and

retail of product under the "Organto" brand name. We let this agreement expire at the end of the initial provisional period in order to fully focus on our strategy of providing year round vertically integrated organic value added vegetables.

On April 26, 2016, we announced a strategic growing relationship with Antonio Pullin Pivaral Farm, a 150 hectare, fully certified (OCIA) organic farm located in Santa Rosa, Guatemala. The Pivaral Family are pioneers in farming and have been growing in the FRAIJANES coffee producing area of Guatemala for over 100 years. Finca Buenos Aires is situated at approximately 4,000 feet above sea level in a fertile valley that is rich in nutrients due to the presence of volcanic sediment that has been deposited in the area for millennia. The farm has been certified organic by OCIA for more than 20 years and is ideal for growing beans and other high margin organic produce. Practices at the farm are in accordance with the highest organic handling standards, with a strong emphasis on social responsibility and sustainability. Pursuant to the terms of the strategic relationship, we will contribute technical oversight, working capital, and organic seeds and fertilizers, and the farm will provide the land, machinery and employees.

On April 14, 2016, we announced the appointment of Mr. Rients van der Wal as the Managing Director of Organto Europe, our European subsidiary based in the Netherlands. Mr. van der Wal brings over 15 years of experience in the produce and organic food industry, having previously been Head of Sales of Total Exotics for Total Produce, one of the largest importers and distributors of fresh produce in Europe. His responsibilities include building out our distribution and branding efforts in Europe as well as strategic sourcing of additional products.

On March 30, 2016, we entered into a secured convertible promissory note with SGSI pursuant to which SGSI agreed to lend the Company US$590,000 (the "Loan") until March 30, 2017. Outstanding amounts incur interest at a rate of 5% annually. The Loan and any interest accrued to date thereon will convert into common shares of the Company (i) at SGSI's election on delivering written notice to the Company; or (ii) automatically, if Organto completes a financing of at least $5 million, including the value of SGSI's convertible note and any other debt convertible into equity securities of the Company as a result of such financing. Any conversion will be effected based on a price of CDN$0.42 per share and conversion shares will be issued on the same terms and conditions that are applicable to the securities issued under the financing. We are currently restructuring this loan with SGSI.

On February 26, 2016, we appointed Andres Barresi as Chief Operating Officer, replacing Arturo Bickford who stepped down from the position of COO and as a Director. Mr. Barresi resigned from this position on January 14, 2017 and was replaced by Marcus Meurs effective January 26, 2017.

On March 9, 2016, we announced that we received organic certifications under the USDA National Organic Program (USDA NOP), European Organic Certification (EC 834/2007 and 889/2008), Canada Organic Certification and the Japan Agricultural Standard organic programs. The certifications cover the Monjas and La Pastoria farms which are approximately 38 hectares of open-field growing farms in Guatemala as well as 3.2 hectares of greenhouses.

On February 22, 2016, we announced that our processing and packing facility located in Patzun, Guatemala had received approval for organic certification under the USDA National Organic Program. Quality Certification Services ("QCS"), a leading organic certification program based in Florida, reviewed Organto's application and records. QCS is an industry leader with more than 25 years of experience in certification with clients in 39 states and 12 countries.

Operations

Branded Products Model

We have developed a branded go-to-market strategy under the Organto brand. Our ability to drive a differentiated branded products strategy is based on our continued development of year round supply capabilities which are unique for these value added products and the first in many of the categories where we participate. In addition we believe we are the first fresh supplier in our categories with CO_2 neutral logistics and 100% compostable packaging. Our brand is initially being rolled out to specific European customers and will be followed by introduction in the North American market.

Supply Model

We have developed and are in the process of implementing a multi-location year round supply model sourcing and supplying organic green beans, organic sugar snaps, organic snow peas and other organic vegetables from a combination of company operated operations in Guatemala and Argentina and third party sourcing arrangements in Argentina, Mexico and various countries within Africa including Uganda and Egypt. We own a processing and packing operation in Guatemala and work with third parties for processing and packing in all other geographic locations.

Products for the European market are shipped bulk from supply sources in Guatemala, Argentina, Mexico and Africa. These products are subsequently inspected and packaged for consumer consumption in the Netherlands through a relationship with a strategic packing partner. Products for the USA market will either be pre-packaged at source due to the relative close proximity to the end customers or packaged closer to end users via strategic partners

Further details on our supply locations are provided below.

Guatemala

In Guatemala we own and operate a state of the art processing and packing facility in Patzun, and grow organic value-added vegetable products from owned and leased farms strategically located throughout the country. The Patzun, Chimaltenango facility has USDA National Organic Program certification. Currently we have approximately 300 hectares of owned and leased farmland available to us and this could be further expanded to in excess of 500 hectares. We expect to be harvesting approximately 15 hectares per week of finished product at the end of the next three years, utilizing currently available farmland. Approximately 24 hectares are currently in production in Monjas, Department of Jalapa and we will continue to expand growing capabilities to meet future demand. All land that is in production has USDA, EU, Canadian and Japanese organic certifications.

We are currently directly operating our growing operations but may also sub-contract growing of certain products to growers and growing associations in and around Guatemala. All products grown by us or outsourced from local farmers are and will be transported to the packing plant in Patzun to be cleaned, sorted, graded and packed.

Current and future products include organic snow peas, organic sugar snaps, organic green beans (haricot verts), organic butter beans, organic edamame, organic specialty peppers, organic broccolini and other organic vegetables.

We also own 3.1 hectares of greenhouses, which are in the process of being subleased to a third party as we do not see the need to use this asset within our current business model.

Argentina

In Argentina we have completed numerous commercial trials on farmland we have leased and operated. Based on these trials we intend to operate and expand our own growing operations on a seasonal basis in Mar del Plata. These will operate for certain seasons and be paired with supply from contracted third party growers to meet demand. Offsetting seasonal supply will be contracted with third party growers, initially in the Catamarca region, with initial production expected to be available at the beginning of the third quarter of 2017. All land that is in production has both USDA and EU organic certification.

Current and future products include organic snow peas, organic sugar snaps, organic asparagus and other organic vegetables.

Africa

In Uganda we have a strategic agreement with Amfri to grow organic and Demeter certified organic products under our brand. Amfri operates a 600 hectare (1500 acre) Demeter certified Biodynamic farm using a biodynamic methodology that treats, using a holistic approach, soil fertility, plant life and livestock as ecologically interrelated tasks and is globally recognized as one of the most complete organic certifications internationally. We are also working to complete third party growing relationships in Egypt and are also assessing other growing regions on the continent.

We commenced operations in Uganda during the first quarter of 2017 and expect commercial product to be available in the second quarter of 2017.

Initial products will include organic green beans, organic snow peas and organic sugar snaps, to be supplied to the European market.

Mexico

In Mexico we are developing relationships with third party growers in three distinct growing regions in the country, providing for seasonally diversified supply of certain crops.

Current and future products include organic green beans, organic snow peas, organic sugar snaps, organic asparagus and other organic vegetables, to be supplied for both the European and North American markets.

Selling and Administration

Our head office is located in Vancouver, British Columbia and finance and administration services are provided by a related party. An agreement is in place with this third party through the end of 2017, at which time all services will have been transitioned to a stand-alone administrative platform in order to meet the growth needs of our business. We also operate from an administrative office in Miami, Florida and this office will be expanded as commercial activities in the USA ramp-up throughout 2017. In Europe we operate out of administrative offices located in the Netherlands. Resources are to be added to all these units as our business expands. In addition local administrative resources are located in select geographies where we source raw materials. Selling, General and Administrative costs are all projected to increase as the business grows, but become a lower percentage of sales as the business scales.

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, are not yet effective for the year ended December 31, 2016, and have not been applied in preparing these consolidated financial statements. Those that may have a significant effect on our consolidated financial statements in the future are as follows:

(a) IFRS 9 – *Financial Instruments* (“IFRS 9”)

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

(b) IFRS 15 – *Revenue from Contracts with Customers* (“IFRS 15”)

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

(c) 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.

Three Months and Annual Financial Performance

The following highlight’s our financial performance for the three months and year ended December 31, 2016:

	Three months ended			**Year ended**		
	December 31, 2016 ($)	**December 31, 2015 ($)**	**% Change**	**December 31, 2016 ($)**	**December 31, 2015 ($)**	**% Change**
Revenues	25,969	815,624	(97%)	2,155,210	1,640,957	31%
Gross profit (loss)	(256,352)	(362,969)	71%	161,582	(377,890)	143%
Net loss from continuing operations	(2,224,652)	(1,081,633)	(106%)	(4,477,046)	(1,793,938)	(150%)
Net income (loss) from discontinued operations	-	(7,615)	n/a	21,892	(7,615)	387%
Net loss for the period	(2,224,652)	(1,089,248)	(104%)	(4,455,154)	(1,801,553)	(147%)
Cash used in operating activities	(643,258)	(789,858)	19%	(1,367,654)	(1,740,174)	21%
Loss per share	(0.03)	(0.04)	25%	(0.06)	(0.28)	79%

Review of Financial Results – Current Quarter

We incurred a net loss from continuing operations and net loss of $2,224,652 during the current quarter, compared to a net loss from continuing operations of $1,081,633 and net loss of $1,089,248 during the same period in the prior year. The increase in the net loss for the quarter is discussed below.

Revenues for the three months ended December 31, 2016 decreased to $25,969, from $815,624 during the same period in the prior year. Revenues were the lowest of the four quarters in 2016 as we completed trials of our processes and attained organic certifications, all in support of the strategic build out of our year round supply capabilities in preparation for commercialization of our organic product offering in the first quarter of 2017. Gross profit was impacted in the quarter by overheads associated with the build-out of these capabilities plus amortization costs related to our fixed assets. We expect organic growing and processing operations in both Argentina and Guatemala will start to ramp up in 2017 and revenues will follow.

Selling, general and administration expenses increased to $1,186,075 this quarter, up from $555,530 in the prior year. These increased costs are primarily attributable to an allowance for doubtful accounts expense of $442,696, and additional administration expenses to support growth and expansion.

Management fees during the current quarter increased to $204,543, compared to $158,393 in the prior year. The fees in the current quarter are attributable to the CEO, COO and certain management and advisors of the Company.

Salaries and benefits decreased in the current quarter to $66,369 from $103,296 in the prior year. The decrease is the result of reduced staffing during our strategic realignment of operations in advance of commencing commercial production in the first quarter of 2017.

We recorded a goodwill impairment of $479,732 this quarter, which was originally recognized in connection with our RTO.

We have amounts due to Omega S.A. ("Omega"), short-term loans payable, and a convertible loan payable, all of which incur interest at various rates. Total interest expense recognized during the current quarter relating to these liabilities is $185,340, compared to $37,101 during the prior year comparative period.

Foreign exchange gains and losses arise from transactions incurred in currencies other than the functional currency of the Company and its subsidiaries. We incurred a foreign exchange gain of $15,928 this quarter as compared to $29,927 during the prior year comparative period.

Review of Financial Results – Current Year

We incurred a net loss from continuing operations of $4,477,046 during the current year, compared to a net loss from continuing operations of $1,793,938 during the prior year and a net loss for the current year of $4,455,154 compared to $1,801,553 during the prior year. The increase in the net loss in the current year directly relates to building out our integrated supply platform prior to expected increases in volumes.

Revenues for the year ended December 31, 2016 increased to $2,155,210, from $1,640,957 in the prior year, an increase of 31%. The revenue increase is a result of ramping up production during the first half of 2016 as we completed work to verify our organic vegetable internal supply processes and capabilities in advance of commercialization in 2017. Gross profit was impacted in the year by overheads associated with the build-out of our capabilities and amortization costs related to our fixed assets. Excluding non-cash amortization expense, gross profit was $309,530 or 14% of sales versus a gross loss $101,135 in the prior year. We expect growing and processing operations in both Guatemala and Argentina will start to ramp up in 2017 along with strategic third party supply sources, and revenues will follow.

Amortization expense totalled $355,075 in the year, up from $276,755 in the prior year. The increase in amortization expense is a result of significant investments in property, plant and equipment during 2015, which are now being amortized. Amortization is recorded in both Cost of sales and also as Amortization on the Consolidated Statements of Loss.

Selling, general and administration expenses increased to $2,301,649 this year, up from $975,999 in the prior year. The increased costs are primarily attributable to additional administration expenses to support growth and expansion plus an allowance for doubtful accounts expense of $442,696, in addition to bad debts expense of $124,290. The additional administration expenses in the

current year include accounting, audit and tax services of $184,015, corporate services provided by Columbus Gold Corp. (“Columbus Gold”) (see Related Party Transactions section) of $125,000, and directors’ fees of $72,000.

Management fees during the current year increased to $859,405 as compared to $158,593 in the prior year. The fees in the current year are attributable to the CEO, COO and certain management and advisors of the Company.

Salaries and benefits increased in the current year to $331,353 from $274,282 in the prior year. The increase is the result of hiring additional staff and ramping up production, primarily in the first half of the year.

We recorded a goodwill impairment of $479,732 this year, which was originally recognized in connection with our RTO.

We have amounts due to Omega, short-term loans payable, and a convertible loan payable, all of which incur various interest rates. Total interest expense recognized during the current year relating to these liabilities is $417,852, compared to $37,101 during the prior year.

Foreign exchange gains and losses arise from transactions incurred in currencies other than the functional currency of the Company and its subsidiaries. The Company incurred a foreign exchange loss of $120,198 this year, compared to a gain of $29,927 during the prior year.

Selected Quarterly Information

	Q4 2016 ($)	Q3 2016 ($)	Q2 2016 ($)	Q1 2016 ($)	Q4 2015 ($)	Q3 2015 ($)	Q2 2015 ($)	Q1 2015 ($)
Revenues	25,969	209,350	518,551	1,401,340	815,624	15,484	43,263	766,586
Loss from continuing operations attributable to shareholders of the Company	(2,091,813)	(1,047,678)	(537,271)	(647,552)	(1,081,633)	(387,262)	(134,514)	(190,529)
Income (loss) from discontinued operations attributable to shareholders of the Company	-	-	21,892	-	(7,615)	-	-	-
Net loss for the period attributable to shareholders of the Company	(2,091,813)	(1,047,678)	(515,379)	(647,552)	(1,089,248)	(387,262)	(134,514)	(190,529)
Basic and diluted loss per share from continuing operations	(0.03)	(0.01)	(0.01)	(0.01)	(0.04)	nm[1]	nm[1]	nm[1]
Basic and diluted loss per share from discontinued operations	-	-	0.00	-	(0.00)	nm[1]	nm[1]	nm[1]
Basic and diluted loss per share for the period	(0.03)	(0.01)	(0.01)	(0.01)	(0.04)	nm[1]	nm[1]	nm[1]

[1] Not meaningful. The loss per share has not been presented as the Company did not establish the intended authorized and issued share capital until November 30, 2015.

	Dec 31, 2016 ($)	Sep 30, 2016 ($)	Jun 30, 2016 ($)	Mar 31, 2016 ($)	Dec 31, 2015 ($)	Sep 30, 2015 ($)	Jun 30, 2015 ($)	Mar 31, 2015 ($)
Cash	26,230	129,077	76,861	3,969	63,211	11,374	4,326	1,020
Total assets	5,102,997	6,296,781	6,293,876	7,028,267	7,194,697	5,310,985	4,525,293	4,185,754
Total non-current financial liabilities	-	-	-	-	(764,087)	(1,807,067)	(843,376)	(303,335)

Selected Annual Information

	Year ended		
	December 31, 2016 ($)	**December 31, 2015 ($)**	**December 31, 2014 ($)**
Revenues	2,155,210	1,640,957	228,571
Loss from continuing operations attributable to shareholders of the Company	(4,324,314)	(1,793,938)	(224,709)
Income (loss) from discontinued operations attributable to shareholders of the Company	21,892	(7,615)	-
Net loss for the year attributable to shareholders of the Company	(4,302,422)	(1,801,553)	(224,709)
Basic and diluted loss per share from continuing operations	(0.06)	(0.28)	nm[1]
Basic and diluted loss per share from discontinued operations	0.00	(0.00)	nm[1]
Basic and diluted loss per share for the year	(0.06)	(0.28)	nm[1]

[1] Not meaningful. The loss per share has not been presented as the Company did not establish the intended authorized and issued share capital until November 30, 2015.

	December 31, 2016 ($)	**December 31, 2015 ($)**	**December 31, 2014 ($)**
Cash	26,230	63,211	44,791
Total assets	5,102,997	7,194,697	3,850,068
Total non-current financial liabilities	-	(764,087)	(415,193)

Liquidity and Capital Resources

At December 31, 2016, we had cash of $26,230 and a working capital deficiency of $4,072,903, compared to $63,211 and $881,783, respectively, at December 31, 2015.

Cash used in operating activities for the three months and year ended December 31, 2016 was $643,258 and $1,367,654 respectively, compared to $789,858 and $1,740,174, during the respective periods in the prior year. Cash used in operations consist of cash used to fund the loss for the period less the impact of non-cash items and changes in non-cash working capital.

During the three months ended December 31, 2016, there were no significant sources or uses of cash in investing activities, whereas, during the year ended December 31, 2016, we invested $37,445 in property, plant and equipment, partially offset by $27,448 from the sale of the Clanton Hills property. During the three months and year ended December 31, 2015, we used $539,905 and $1,049,433, respectively, in investing activities, primarily for property, plant and equipment.

We received $594,916 from a private placement of the Company's common shares this quarter, whereas during the comparative quarter in the prior year, we received $641,158 from Columbus Exploration under the RTO agreement, $228,827 from the acquisition of Columbus Exploration, and advances on a convertible loan from SGSI of $574,355. We received $1,346,152 from financing activities this year, primarily from private placements totalling $1,168,302 and bridge loans totalling $136,457, partially offset by repayment of certain loans and interest totalling $70,706. In 2015, we received $2,793,801 from financing activities, mainly from advances from Columbus Exploration under the RTO agreement of $1,770,884, a loan from SGSI of $757,458 and cash of $228,827 from the acquisition of Columbus Exploration.

At December 31, 2016, we had current liabilities of $4,450,577, and no non-current liabilities.

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 table below:

Financial instrument	Basis of measurement	Associated risks	Fair value at December 31, 2016 ($)
Cash	Fair value through profit or loss	Credit, currency and concentration	26,230
Receivables	Amortized cost	Credit, currency and concentration	53,237
Accounts payable	Amortized cost	Currency	(2,212,356)
Due to Omega S.A.	Amortized cost	Currency	(500,419)
Short-term loans payable	Amortized cost	Currency	(302,558)
Convertible loan payable	Amortized cost	Currency	(787,110)
Embedded derivative financial liability	Fair value through profit or loss	Currency	(69,361)
Due to Columbus Gold	Amortized cost	n/a	(138,683)
			(3,931,020)

The fair value of our financial instruments including cash, receivables, accounts payable, Due to Omega S.A., loans payable and amounts due to Columbus Gold approximates their carrying value due to the immediate or short term maturity of these financial instruments.

Our *Embedded derivative financial liability's* fair value is estimated each reporting date using the Black-Scholes Option Pricing Model that uses the following assumptions as at December 31, 2016: i) expected price volatility of 112%, ii) risk free interest rate of 0.73%, and iii) expected life of 0.33 year(s). Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected life of the *Embedded derivative financial liability* represents the period of time that the financial instrument granted is expected to be outstanding. The risk-free rate of periods within the contractual life of the financial instrument is based on the Canadian government bond rate.

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).

During the three months and year ended December 31, 2016, we recognized a loss of $130,915 and a gain $71,215, respectively, in connection with the *Embedded derivative financial liability*. We incurred aggregate interest expense of $185,340 and $417,852, in connection with amounts Due to Omega S.A., short-term and convertible loans payable during the three months and year ended December 31, 2016, respectively, compared to $37,101 for the three months and year ended December 31, 2015.

Our financial instruments are exposed to certain financial risks. The risk exposures and the impact on our financial instruments at December 31, 2016 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, Guatemala, Argentina and Europe. The risk is assessed as low.

(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 and cash equivalent 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 December 31, 2016, we had a working capital deficiency of $4,072,903 (December 31, 2015 – $881,783). Liquidity risk is assessed as high.

To address the liquidity risk, on February 23, 2017, we announced a non-brokered convertible debenture private placement of $2,035,000. The Debentures issued pursuant to the private placement will be unsecured, have a term of three years, and bear interest of 8% annually, payable in arrears starting one year after the date of issuance of such Debentures. Holders may elect to convert the principal amount of their Debentures into common shares at a price of $0.35 per share until the maturity date.

We received a bridge loan of $268,540 (US$200,000) in April 2017 to further address liquidity risk.

We intend to complete additional private placements of our common shares to reduce liquidity risk.

(c) Market risks – interest rate

We do not have debt that is subject to interest rate risks, as the 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, 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 $80,000.

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.

Commitments

At December 31, 2016, we have the following commitments:

	Within 1 year ($)	Between 1 and 5 years ($)	After 5 years ($)	Total ($)
Lease payments for land use in Guatemala	152,940	547,419	529,150	1,229,509
Management fees to Peter Gianulis	193,349	418,922	-	612,271
Management fees to Fresh Organics LLC	271,897	327,283	-	599,180
Services agreement with Columbus Gold	300,000	-	-	300,000
	918,186	**1,293,624**	**529,150**	**2,740,960**

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Assets Held For Sale

As part of the RTO transaction, the Company acquired exploration and evaluation assets from Columbus Exploration with carrying values as follows:

	December 31, 2016 ($)	December 31, 2015 ($)
Mogollon property	-	453,698
Clanton Hills property	-	27,681
	-	**481,379**

During the current year, we sold the Clanton Hills property to Columbus Gold for $27,488 (US$20,000), with no effect on profit or loss.

During the current year, we completed the transfer of the Mogollon property to Columbus Gold for settlement of $443,429 (December 31, 2015 - $453,698) in debt owed by the Company to Columbus Gold, resulting in a net income from discontinued operations of $21,892 (2015 - $nil).

During 2015, we recognized an impairment on the Mogollon property in the amount of $7,615.

Related Party Transactions

We have a Services Agreement with Columbus Gold, whereby Columbus Gold provides administration and management services for a fixed monthly fee. The Services Agreement is effective until December 31, 2017. Columbus Gold has certain directors and officers in common with the Company.

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

	Three months ended		**Year ended**	
	December 31, 2016 ($)	**December 31, 2015 ($)**	**December 31, 2016 ($)**	**December 31, 2015 ($)**
Management fees paid or accrued to Fresh Organics LLC, a Company owned by Marcus Meurs, the COO of the Company	92,282	8,000	273,686	8,000
Sales to Fresh Organics LLC, Unifresh LLC and/or Juan Paz LLC, companies owned by Marcus Meurs	-	-	-	915,312
Management fees paid or accrued to Peter Gianulis, President and CEO of the Company	48,038	60,000	175,730	96,000
Management fees paid or accrued to Andres Barresi, COO of the Company at the time	40,257	-	122,463	-
Management fees paid or accrued to Brandal B.V., a company owned by Rients van der Wal, a director of the Company's subsidiary	71,910	21,573	271,080	54,593
Administration fees paid or accrued to Columbus Gold	30,000	18,000	125,000	21,500
Directors fees paid or accrued	18,000	6,000	72,000	6,000
	300,487	**113,573**	**1,039,959**	**1,101,405**

The following summarizes advances, amounts that remain payable or accrued to each related party:

	December 31, 2016 ($)	**December 31, 2015 ($)**
Management fees (payable) advanced to Fresh Organics LLC	(12,775)	129,085
Due to Omega	(500,419)	(451,825)
Management fees payable to Peter Gianulis	(240,857)	(44,707)
Management fees payable to Andres Barresi	(90,973)	-
Loan payable to the Peter Gianulis	(64,496)	-
Directors fees included in accrued liabilities	(78,000)	(6,000)
Trade payable to Columbus Gold	(138,683)	(5,250)
Amounts due to Columbus Gold, settled in exchange for the Mogollon property	-	(453,698)
Loan payable to CrediPresto, a corporation of which Javier Reyes, a director of the Company, is a principal	(118,439)	(114,657)
	(1,244,642)	**(947,052)**

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 our Company has built out our operating platform and generated approximately $4 million in revenues and operating losses of approximately $6 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, 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 years ended December 31, 2016 and 2015, 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. We also expect to face additional competition from new entrants to the organic produce market. Our ability to remain competitive will depend to a great extent on our ability to grow our customer base, 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 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 any 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.

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 is an emerging markets issuer, and as such, is required by the TSXV to have sufficient internal controls over financial reporting. The Company is in the process of implementing an internal controls framework that is based on the COSO 2013 framework, established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company anticipates implementation to be completed for fiscal 2017.

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:	Javier Reyes Jeffrey Klenda Marc Meurs Peter Gianulis Robert Giustra
Officers:	Robert Giustra, Chairman Peter Gianulis, Chief Executive Officer Marc Meurs, President & Chief Operating Officer Andrew Yau, Chief Financial Officer Jenna Virk, Corporate Secretary and VP Legal
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

Consolidated Financial Statements

For the Year Ended
December 31, 2016

(Stated in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Organto Foods Inc.

We have audited the accompanying consolidated financial statements of Organto Foods Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of loss, comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Organto Foods Inc. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Organto Foods Inc.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 27, 2017

An independent firm associated with
Moore Stephens International Limited
MOORE STEPHENS

Organto Foods Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2016 ($)	December 31, 2015 ($)
Assets		
Current assets		
Cash	26,230	63,211
Receivables (note 5)	53,237	291,350
Inventories (note 6)	246,723	325,923
Prepaid expenses and advances (note 7)	51,484	363,771
Assets held for sale (note 8)	-	481,379
	377,674	1,525,634
Non-current assets		
Property, plant and equipment (note 9)	4,712,831	5,175,135
Other non-current assets	12,492	14,196
Goodwill (note 3e)	-	479,732
	5,102,997	**7,194,697**
Liabilities and Shareholders' equity		
Current liabilities		
Accounts payable (note 16)	2,212,356	1,266,194
Accrued liabilities (note 16)	440,090	115,793
Due to Omega S.A. (note 10)	500,419	451,825
Short-term loans payable (note 11)	302,558	114,657
Convertible loan payable (note 12)	787,110	-
Embedded derivative financial liability (note 12)	69,361	-
Due to Columbus Gold Corp. (note 16)	138,683	458,948
	4,450,577	2,407,417
Non-current liabilities		
Long-term loan payable (note 12)	-	764,087
Total liabilities	4,450,577	3,171,504
Shareholders' equity		
Share capital (note 13)	6,000,631	4,834,368
Reserves	1,126,939	1,215,087
Deficit	(6,328,684)	(2,026,262)
Equity attributable to shareholders of Organto Foods Inc.	**798,886**	**4,023,193**
Non-controlling interests	(146,466)	-
Total equity	652,420	4,023,193
	5,102,997	**7,194,697**

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

Approved by the Board of Directors

"Robert Giustra"
Robert Giustra – Director

"Peter Gianulis"
Peter Gianulis – Director

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

Organto Foods Inc.
Consolidated Statements of Loss
(Expressed in Canadian Dollars)

	Year ended	
	December 31, 2016 ($)	**December 31, 2015 ($)**
Sales (note 17)	2,155,210	1,640,957
Cost of sales (note 14)	1,993,628	2,018,847
Gross profit (loss)	161,582	(377,890)
Selling, general and administration expenses (note 15)	2,301,649	975,999
Management fees (note 16)	859,405	158,593
Salaries and benefits	331,353	274,282
Amortization (note 9)	207,127	-
	(3,537,952)	(1,786,764)
Interest expense	(417,852)	(37,101)
Foreign exchange (loss) gain	(120,198)	29,927
Gain on recognition of biological assets	7,473	-
Gain on embedded derivative financial liability (note 12)	71,215	-
Impairment of goodwill (note 3e)	(479,732)	-
Net loss from continuing operations	**(4,477,046)**	**(1,793,938)**
Net income (loss) from discontinued operations (note 8)	**21,892**	**(7,615)**
Net loss for the year	**(4,455,154)**	**(1,801,553)**
Net loss attributable to:		
Shareholders of Organto Foods Inc.	(4,302,422)	(1,801,553)
Non-controlling interests	(152,732)	-
	(4,455,154)	**(1,801,553)**
Income (loss) per share (note 13d)		
Basic and diluted from continuing operations	(0.06)	(0.28)
Basic and diluted from discontinued operations	0.00	(0.00)
Basic and diluted	(0.06)	(0.28)

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

	Year ended	
	December 31, 2016 ($)	**December 31, 2015 ($)**
Net loss for the year	(4,455,154)	(1,801,553)
Other comprehensive income (loss) for the year:		
Item(s) that may subsequently be re-classified to net income or loss:		
Foreign currency translation	(123,596)	574,702
Comprehensive loss for the year	**(4,578,750)**	**(1,226,851)**
Comprehensive loss attributable to:		
Shareholders of Organto Foods Inc.	(4,427,709)	(1,226,851)
Non-controlling interests	(151,041)	-
	(4,578,750)	**(1,226,851)**

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

	Year ended	
	December 31, 2016 ($)	**December 31, 2015 ($)**
Operating activities		
Net loss for the year from continuing operations	(4,477,046)	(1,793,938)
Items not involving cash		
Amortization	355,075	276,755
Impairment of goodwill	479,732	-
Share-based payments	20,000	276,515
Foreign currency transaction loss (gain)	(23,822)	(140,153)
Gain on embedded derivative financial liability	(71,215)	-
Cash used in operating activities before changes in non-cash working capital	(3,717,276)	(1,380,821)
Changes in non-cash working capital		
Receivables	238,111	(283,375)
Inventories	79,200	(167,132)
Prepaid expenses and advances	312,287	(361,261)
Accounts payable	1,430,785	623,105
Accrued liabilities	289,239	(170,690)
Cash used in operating activities	(1,367,654)	(1,740,174)
Investing activities		
Proceeds from sale of Clanton Hills property	27,448	-
Property, plant and equipment	(37,445)	(1,035,237)
Other non-current assets	(4,270)	(14,196)
Cash used in investing activities	(14,267)	(1,049,433)
Financing activities		
Private placement net of finders' fees	1,168,302	-
Proceeds from bridge loan	136,457	-
Short-term loans payable (note 11)	(40,373)	36,632
Proceeds from other loans	64,496	-
Loan from SG Strategic Income Limited	41,078	757,458
Interest paid	(30,333)	-
Advances from Columbus Exploration Corporation under reverse-takeover agreement	-	1,770,884
Cash from acquisition of Columbus Exploration Corporation	-	228,827
Contributions from non-controlling interest	4,575	-
Options exercised	1,950	-
Cash from financing activities	1,346,152	2,793,801
Effect of foreign exchange on cash	(1,212)	14,226
(Decrease) increase in cash	(36,981)	18,420
Cash, beginning of year	63,211	44,791
Cash, end of year	**26,230**	**63,211**

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

Supplemental cash flow information

During the year ended December 31, 2016, the Mogollon property was transferred to Columbus Gold Corp. for settlement of debt of $443,429 (note 8). During the year ended December 31, 2015, $149,303 of accounts receivable was assigned to a debtholder in partial settlement of debt (note 10).

	Number of shares	Share capital ($)	Shares to be issued ($)	Reserves ($)	Deficit ($)	Non-controlling interests ($)	Total ($)
Balance at January 1, 2015	50	648	3,204,457	363,870	(224,709)	-	3,344,266
Shares issued for property, plant and equipment	230,435	3,204,457	(3,204,457)	-	-	-	-
Equity of Columbus Exploration Corporation	26,380,049	6,981,278	-	3,229,857	(8,715,476)	-	1,495,659
Elimination of Columbus Exploration Corporation's equity	-	(6,981,278)	-	(3,229,857)	8,715,476	-	(1,495,659)
Shares acquired of legal parent	(230,485)	-	-	-	-	-	-
Shares issued on reverse take-over	46,228,882	1,629,263	-	-	-	-	1,629,263
Share-based payments (note 13b)	-	-	-	276,515	-	-	276,515
Comprehensive loss for the year	-	-	-	574,702	(1,801,553)	-	(1,226,851)
Balance at December 31, 2015	**72,608,931**	**4,834,368**	**-**	**1,215,087**	**(2,026,262)**	**-**	**4,023,193**
Contributions from non-controlling interest	-	-	-	-	-	4,575	4,575
Proceeds received from private placements	4,060,060	1,218,019	-	-	-	-	1,218,019
Share issuance costs	-	(75,119)	-	-	-	-	(75,119)
Share based payments (note 13a)	72,810	20,000	-	-	-	-	20,000
Share options exercised	30,000	3,363	-	(1,413)	-	-	1,950
Warrants – fair value	-	-	-	38,552	-	-	38,552
Comprehensive loss for the year	-	-	-	(125,287)	(4,302,422)	(151,041)	(4,578,750)
Balance at December 31, 2016	**76,771,801**	**6,000,631**	**-**	**1,126,939**	**(6,328,684)**	**(146,466)**	**652,420**

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

1. Nature of operations and going concern

On November 30, 2015, Agricola Nuova Terra Guatemala S.A. ("Agricola") completed its reverse takeover (the "RTO") of Columbus Exploration Corporation ("Columbus Exploration"), pursuant to which Columbus Exploration acquired all of the issued and outstanding common shares of Agricola in exchange for 46,228,882 common shares of Columbus Exploration, Columbus Exploration paying Agricola shareholders $100,088 (US$75,000) on or before September 11, 2015 (paid), a final payment of $240,260 (US$185,000) on or before December 31, 2016 (unpaid, note 21), and Columbus Exploration assuming $315,382 (US$242,844) in debt bearing interest at a rate of 8.5% per annum.

Upon completion of the RTO, Columbus Exploration changed its name to Organto Foods Inc. ("Organto"), and Agricola became a wholly-owned subsidiary of Organto. On March 21, 2016, Agricola changed its name to Organto Guatemala, Sociedad Anonima ("Organto Guatemala"). For the purposes of these consolidated financial statements, the "Company" is defined as the consolidated entity. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSXV") and are traded under the stock symbol "OGO".

The Company was incorporated on May 18, 2007 under the laws of the Province of British Columbia, Canada. The Company's principal business activity is the sourcing, processing, packaging and distribution of organic and specialty food products with a focus on branded organic value added vegetables. The Company has growing and processing operations in Guatemala and Argentina, with office locations in Vancouver, British Columbia, Miami, Florida and the Netherlands. Agricola commenced operations in March 2014.

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 were primarily funded by the issue of share capital, short-term loans and convertible loans. At December 31, 2016, the Company had a working capital deficiency of $4,072,903 (2015 – $881,783) and an accumulated deficit of $6,328,684 (2015 - $2,026,262). 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.

2. Basis of presentation

(a) Statement of compliance

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 consolidated financial statements were approved by the Board of Directors and authorized for issue on April 27, 2017.

(b) Basis of measurement

These consolidated financial statements have been prepared using the historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. Basis of presentation - *continued*

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

Entity	Location	Ownership interest	Status
Organto Guatemala, S.A.	Guatemala	100%	Consolidated subsidiary
Columbus Silver (U.S.) Corporation	United States	100%	Consolidated subsidiary
1067001 B.C. Ltd.	Canada	100%	Consolidated subsidiary
Organto Europe B.V.	Netherlands	80%	Consolidated subsidiary
Organto Argentina S.A.	Argentina	51%	Consolidated subsidiary

All inter-company transactions and balances are eliminated on consolidation.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

(d) Use of estimates and judgments

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS 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 financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's 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 long-lived 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 biological assets, financial liabilities and share-based payments and the recoverability and measurement of deferred tax assets.

Significant judgments

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

(e) Comparative figures

Certain comparative figures have been reclassified to correspond with the current year presentation including the reclassification of amortization of plant and equipment and direct overhead in cost of sales. Refer to note 14.

3. Significant accounting policies

(a) Revenue recognition

The Company recognizes revenue primarily from the sale of goods. Revenue on sales is recognized when the product is delivered to the customer and/or when the risks and rewards of ownership are otherwise transferred to the customer and when the price is fixed and determinable and collection is reasonably assured.

(b) Inventory

Inventory is valued at the lower of cost and net realizable value. The Company's inventory is comprised of biological assets, packing materials agricultural inputs and finished goods. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

(c) Biological assets

Biological assets are measured at fair value less costs of disposal on initial recognition and at each statement of financial position date, except where fair value cannot be reliably measured. Cost approximates fair value when little or no biological transformation has taken place since the costs were originally incurred or the impact of biological transformation on price is not expected to be material. Costs to sell include all incremental costs directly attributable to the sale of the biological assets, excluding financing costs and income taxes.

(d) Foreign currency translation

The presentation currency is the Canadian dollar. The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currencies are as follows:

Entity	Functional currency
Organto Guatemala, S.A.	Guatemalan Quetzal ("Q")
Columbus Silver (U.S.) Corporation	US Dollar
1067001 B.C. Ltd.	Canadian Dollar
Organto Europe B.V. i.o. ("Organto EU")	European Euro
Organto Argentina S.A.	Argentine Peso

The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date and any gains or losses are reflected in Other Comprehensive Loss for the year. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation of revenues and expenses are reflected in net loss for the year.

3. Significant accounting policies - *continued*

(e) Impairment of long-lived assets

At each reporting date, the Company reviews the carrying amounts of its long-lived assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

As at December 31, 2016, the Company determined Goodwill has been impaired as a result of continuing financial losses. Consquently, the Company wrote-off Goodwill.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the “cash-generating unit” or “CGU”).

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in the statement of comprehensive income (loss).

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reduced if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

(f) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are recorded at cost, less accumulated amortization and accumulated net impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and borrowing costs on qualifying assets. During their construction, items of property, plant and equipment are classified as construction in progress. When the asset is available for use, it is transferred from construction in progress to the appropriate category of property, plant and equipment and amortization of the item commences.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the net carrying amount of property, plant and equipment, and are recognized in net earnings.

3. Significant accounting policies - *continued*

Amortization

Amortization is calculated based on the depreciable amount, which is the cost of an asset less its residual value. Amortization is recognized in net earnings on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

	Years
Buildings	20
Machinery and equipment	10 to 20
Furniture and other	5 to 10

(g) Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss). Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance expense comprises interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

(h) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred income taxes are accounted for using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are recognized for the tax consequences of temporary differences by applying substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

The effect on deferred taxes for a change in tax rates is generally recognized in income in the period that includes the substantive enactment.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probably that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Current and deferred tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive loss.

3. Significant accounting policies - *continued*

(i) Loss per share

Loss per share is calculated using the weighted average number of common shares outstanding during the period. The calculation of diluted loss per share assumes that outstanding options and warrants that are in the money are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share and is only recognized when the effect is dilutive.

(j) Share-based payments

The Company grants share-based awards, including options, as an element of compensation to directors, officers, employees and service providers.

The Company uses the Black-Scholes Option Pricing Model to measure the fair value for all share options granted, modified or settled during the period. Compensation expense is recorded based on the fair value of the award at the grant date, amortized over the vesting period. Each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. No expense is recognised for awards that do not ultimately vest. When options are exercised, the proceeds received, together with any related amount in share-based payments reserve, are credited to share capital.

(k) Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's receivables are classified as loans and receivables. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in profit or loss.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. The Company has not classified any financial liabilities as FVTPL.

3. Significant accounting policies - *continued*

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade payables, loans payable and amounts due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in net loss unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in net loss.

4. New accounting standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2016, and have not been applied in preparing these financial statements. Those that may have a significant future effect on the financial statements of the Company are as follows:

(a) IFRS 9 – *Financial Instruments* ("IFRS 9")

This new standard is a partial replacement of IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

(b) IFRS 15 – *Revenue from Contracts with Customers* ("IFRS 15")

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

(c) 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.

5. Receivables

	December 31, 2016 ($)	December 31, 2015 ($)
Trade receivables	444,626	316,672
Other receivables	53,237	7,864
	497,863	324,536
Allowance for doubtful amounts	(444,626)	(33,186)
	53,237	**291,350**

6. Inventories

	December 31, 2016 ($)	December 31, 2015 ($)
Packing material	186,587	174,987
Agricultural inputs	52,663	150,936
Biological assets	7,473	-
	246,723	**325,923**

Biological assets with a production cycle of less than one year (green beans) generated an initial recognition and changes in fair value of biological assets of $7,473 for the year ended December 31, 2016.

7. Prepaid expenses and advances

	December 31, 2016 ($)	December 31, 2015 ($)
Prepaid expenses	51,484	232,875
Advances to farmers	-	130,896
	51,484	**363,771**

At December 31, 2015 the Company had provided funding, fertilizers, seeds and other supplies to local farms in Guatemala for the growing of produce. The advances were non-refundable and were deducted against the purchase of produce from the local farms when the produce was harvested. This arrangement ceased during the year ended December 31, 2016.

8. Assets held for sale

As part of the RTO transaction, the Company acquired exploration and evaluation assets from Columbus Exploration with carrying values as follows:

	December 31, 2016 ($)	December 31, 2015 ($)
Mogollon property	-	453,698
Clanton Hills property	-	27,681
	-	**481,379**

During the year ended December 31, 2016, the Company sold the Clanton Hills property to Columbus Gold Corp. ("Columbus Gold"), a Company with certain directors and officers in common, for $27,488 (US$20,000), with no effect on profit or loss.

During the year ended December 31, 2016, the Company completed the transfer of the Mogollon property to Columbus Gold for settlement of $443,429 (2015 - $453,698) in debt owed by the Company to Columbus Gold, resulting in net income from discontinued operations of $21,892.

During 2015, the Company recognized an impairment on the Mogollon property in the amount of $7,615.

9. Property, plant and equipment

	Buildings ($)	Machinery & equipment ($)	Furniture and other ($)	Land ($)	Construction in progress ($)	Total ($)
Cost						
At January 1, 2015	1,577,542	1,977,454	72,255	-	37,149	3,664,400
Additions	214,040	360,620	23,730	111,975	324,872	1,035,237
Foreign exchange	318,399	406,859	15,752	9,393	34,328	784,731
At December 31, 2015	2,109,981	2,744,933	111,737	121,368	396,349	5,484,368
Additions	267,988	215,333	8,289	-	-	491,610
Dispositions	(190,385)	(26,202)	-	(7,829)	(257,741)	(482,157)
Foreign exchange	(43,636)	(52,125)	(2,527)	(3,157)	(22,520)	(123,965)
At December 31, 2016	2,143,948	2,881,939	117,499	110,382	116,088	5,369,856
Accumulated amortization						
At January 1, 2015	(6,573)	(10,739)	(602)	-	-	(17,914)
Amortization for the year	(86,632)	(182,116)	(8,007)	-	-	(276,755)
Foreign exchange	(3,519)	(10,259)	(786)	-	-	(14,564)
At December 31, 2015	(96,724)	(203,114)	(9,395)	-	-	(309,233)
Amortization for the year	(103,631)	(248,103)	(3,341)	-	-	(355,075)
Dispositions	3,313	-	-	-	-	3,313
Foreign exchange	2,471	1,421	78	-	-	3,970
At December 31, 2016	(194,571)	(449,796)	(12,658)	-	-	(657,025)
Net book value						
At December 31, 2015	**2,013,257**	**2,541,819**	**102,342**	**121,368**	**396,349**	**5,175,135**
At December 31, 2016	**1,949,377**	**2,432,143**	**104,841**	**110,382**	**116,088**	**4,712,831**

The Company's buildings are situated on land owned by a third party, which is subject to a lease agreement (note 20).

10. Due to Omega S.A.

During the year ended December 31, 2014, Omega S.A. ("Omega"), a company owned by one of the founding shareholders of Organto Guatemala, loaned Organto Guatemala $415,913 (US$361,000) (the "Omega Loan"). The loan accrued interest at 8.5% per annum from completion of the RTO and was due on October 31, 2016. A settlement was reached in March 2017 (note 21).

On March 31, 2015, Organto Guatemala assigned certain of its receivables in the amount of $149,303 (US$118,156) to Omega.

During the year ended December 31, 2015, Omega advanced an aggregate amount of $65,453 (Guatemalan Quetzals ("Q") Q400,050), with an interest rate of 42% per annum, for working capital purposes. An additional $37,876 (US$28,821) was loaned to the Company during the year ended December 31, 2015, interest free.

The tables below summarizes amounts owing to Omega:

	December 31, 2016 ($)	December 31, 2015 ($)
Loan from Omega (US$242,844), 8.5% interest	326,067	338,318
Advance from Omega (Q400,050) for working capital, 42% interest	63,973	65,453
Advance from Omega (US$28,821), interest free	38,698	37,876
Interest payable to Omega	71,681	10,178
	500,419	**451,825**

A continuity of the balances is shown below:

	($)
Balance at January 1, 2015 (US$361,000)	415,193
Assignment of receivables (US$118,156) to Omega	(149,303)
Advances from Omega	103,329
Interest expense	10,178
Foreign exchange	72,428
Balance at December 31, 2015	**451,825**
Partial payment of interest	(8,752)
Interest expense	71,681
Foreign exchange	(14,335)
Balance at December 31, 2016	**500,419**

11. Short-term loans payable

As part of the RTO transaction, Organto Guatemala assumed two existing loan agreements between Columbus Exploration and CrediPresto SAPI de C.V., SOFOM, E.N.R. ("CrediPresto"). The principal of CrediPresto is also a director of the Company.

The first loan was for $45,210 (US$35,000) dated September 21, 2015, bearing interest of 18% per annum, and was repayable on December 21, 2015. The second loan was for $58,127 (US$45,000) dated November 19, 2015, bearing interest of 18% per annum, and was repayable on April 19, 2016. On January 5, 2016, the Company made a principal payment of $25,448 (US$18,550) and an interest payment of $4,735 (US$3,450). On January 7, 2016, the Company entered into a loan agreement with CrediPresto for $23,251 (US$18,000), bearing interest of 18% per annum, and was repayable on July 7, 2016. On February 23, 2016 the Company made a principal payment of $2,068 (US$1,500).

On July 19, 2016, all loans outstanding from CrediPresto were restructured into a single loan, with a principal balance of $119,115 (US$91,430), due January 19, 2017. The restructured loan accrues interest of 18% per annum, payable monthly. On August 19, 2016, a payment of $12,857 (US$10,000) was made to CrediPresto to reduce the principal balance to $109,337 (US$81,430). The due date of the loan has been extended to June 30, 2017, under the same terms.

On September 23, 2016, the Company received two bridge loans totalling $131,170 (US$100,000) bearing interest of 6% per annum. The loans included 300,000 share purchase warrants for the purchase of 300,000 shares exercisable at $0.30 per share until October 24, 2017 (note 13). The Company determined the fair value of the loans to be $114,129 (US$85,000) and the residual value of $20,200 (US$15,000) has been allocated to the value of the warrants. During the year ended December 31, 2016 the Company recorded accretion of $3,300 on these loans. In April 2017, in connection with new bridge loans totaling an additional $268,540 (US$200,000), the terms of the bridge loan have been amended to an interest rate of 8% per annum, and is payable on one year from the date of the loan agreements, subject to the option of the lenders to demand early repayment under certain conditions (note 21). A total of 1,000,000 non-transferrable warrants will be issued to the lenders, exercisable for a term of one year from the date of the loan agreements, at $0.20 per share. The original 300,000 warrants will be cancelled.

	December 31, 2016 ($)	**December 31, 2015 ($)**
Loan from CrediPresto, September 21, 2015, 18% interest	-	48,440
Loan from CrediPresto, November 19, 2015, 18% interest	-	62,280
Restructured loan from CrediPresto, July 19, 2016, 18% interest (note 16)	109,337	-
Interest payable to CrediPresto (note 16)	9,102	3,937
Loan from the President and CEO of the Company, interest free (note 16)	64,496	-
Bridge loans, 6% interest	114,129	-
Interest and accretion on bridge loans	5,494	-
	302,558	**114,657**

11. Short-term loans payable - *continued*

A continuity of the balances is shown below:

	($)
Balance at January 1, 2015	-
Loan from CrediPresto (US$35,000), 18% interest	48,440
Loan from CrediPresto (US$45,000), 18% interest	62,280
Interest expense	3,937
Balance at December 31, 2015	**114,657**
Interest payment on CrediPresto loans (US$3,450)	(4,735)
Repayment of CrediPresto principal (US$30,050)	(40,373)
Loan from CrediPresto (US$18,000), 18% interest	24,703
Loan from the President and CEO of the Company interest free	64,496
Interest expense	26,457
Fair value of bridge loans (US$85,000), 6% interest	114,129
Foreign exchange	3,224
Balance at December 31, 2016	**302,558**

Amounts loaned from the President and CEO of the Company are interest free and due on demand. The corresponding fair value approximates its carrying value due to the immediate and short term maturity of the financial instrument.

12. Convertible loan payable

On March 30, 2016, the Company entered into a secured convertible promissory note with SG Strategic Income Limited ("SGSI") pursuant to which SGSI has agreed to lend the Company $773,903 (US$590,000) until March 30, 2017. Outstanding amounts incur interest at a rate of 5% annually and are secured by a first charge on the Company's assets in Guatemala. SGSI had advanced to the Company $757,458 (US$558,000) during fiscal 2015, prior to finalizing the terms of the loan. Upon finalization of the terms of the loan, outstanding interest to March 30, 2016 of $16,846 (US$12,275) was repaid and the remaining balance of the promissory note was received $41,078 (US$32,000). The Company is currently restructuring this loan with SGSI.

The loan and any interest accrued to date thereon will convert into common shares of the Company (i) at SGSI's election on delivering written notice to the Company; or (ii) automatically, if the Company completes a financing of at least $5 million, including the value of the SGSI's convertible note and any other debt convertible into equity securities of the Company as a result of such financing. Any conversion will be effected based on a price of $0.42 per share and conversion shares will be issued on the same terms and conditions that are applicable to the securities issued under the financing.

Upon finalizing the terms of the loan on March 30, 2016, the Company recorded the fair value of the conversion option of $127,347 (US$98,057) as an embedded derivative liability as a result of the instrument being denominated in US dollars with the residual amount allocated to the debt component. The embedded derivative liability is subject to revaluation at each balance sheet date with the change in fair value recorded in the Statement of Loss. The debt component will be accreted to the face value of the loan over the one year term using the effective interest rate method.

12. Convertible loan payable - *continued*

The tables below summarizes amounts owing to SGSI.

	December 31, 2016 ($)	December 31, 2015 ($)
Loan from SGSI	651,617	757,458
Accretion of loan	105,433	-
Interest payable to SGSI	30,060	6,629
	787,110	**764,087**

A continuity of the balance is shown below:

	($)
Balance at January 1, 2015	-
Loan from SGSI (US$558,000), 5% interest	757,458
Interest expense (US$4,910)	6,629
Balance at December 31, 2015	**764,087**
Reclassified to embedded derivative liability	(135,869)
Additional loan from SGSI	41,078
Accretion expense	102,793
Interest paid (US$12,275)	(16,846)
Interest expense	39,389
Foreign exchange	(7,522)
Balance at December 31, 2016	**787,110**

A continuity of the embedded derivative financial liability is shown below:

	($)
Balance at January 1, 2015 and December 31, 2015	-
Recognition of embedded derivative financial liability on SGSI promissory note	127,347
Fair value of conversion option of additional loan received	8,522
Gain on revaluation	(71,215)
Foreign exchange	4,707
Balance at December 31, 2016	**69,361**

13. Share capital

(a) Common shares

Authorized – unlimited common shares without par value.

At December 31, 2016, the Company had 76,771,801 (2015 – 72,608,931) common shares issued and outstanding.

On July 27, 2016, the Company closed the first tranche of its non-brokered private placement. Gross proceeds of $552,043 were raised from the sale at $0.30 per share for a total of 1,840,143 common shares. The Company paid a finder's fee of $18,159 and issued finder's warrants for the purchase of up to 60,530 shares exercisable at $0.30 per share until January 28, 2018. The warrants had a fair value of $9,788.

On November 1, 2016, the Company completed the second and final tranche of its non-brokered private placement through the issuance of 2,219,917 common shares at $0.30 per share for gross proceeds of $665,976. The Company also paid a finder's fee of $31,558 and issued finder's warrants for the purchase of up to 20,250 shares exercisable at $0.35 per share until November 2, 2017 and 64,695 shares exercisable at $0.30 per share until May 2, 2018. The warrants had a fair value of $8,564.

During the year ended December 31, 2016, the Company issued 72,810 common shares with a fair value of $20,000 as compensation for consulting services. Such shares were issued at prices corresponding to the month in which the services were provided based on the 20 day volume weighted average trading price for the common shares of the Company.

On November 30, 2015, Agricola completed the RTO, pursuant to which Columbus Exploration acquired all the issued and outstanding shares of Agricola in exchange for 46,228,882 common shares of Columbus Exploration. Prior to the RTO, Columbus Exploration had 26,380,049 common shares issued and outstanding.

(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 ten years from date of grant or such lesser period as determined by the Company's Board of Directors.

As of November 30, 2015, all former 100,000 Columbus Exploration share options continued to be stock options of the Company.

13. Share capital - *continued*

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

	Number of options	Weighted average exercise price ($)
Balance, January 1, 2015	-	-
Former Columbus Exploration share options at November 30, 2015	100,000	0.09
Granted	4,700,000	0.20
Balance, December 31, 2015	**4,800,000**	**0.20**
Granted	25,000	0.30
Exercised	(30,000)	0.065
Forfeited	(1,775,000)	0.20
Cancelled	(600,000)	0.20
Balance, December 31, 2016	**2,420,000**	**0.20**

A summary of the Company's share options outstanding and exercisable at December 31, 2016 and 2015 is as follows:

	2016		2015	
Exercise price ($)	Number of options outstanding	Weighted average remaining contractual life (years)	Number of options outstanding	Weighted average remaining contractual life (years)
0.065	35,000	1.97	65,000	2.97
0.15	35,000	2.85	35,000	3.85
0.20	2,350,000	3.92	4,700,000	4.92
0.065-0.20	**2,420,000**	**3.87**	**4,800,000**	**4.89**

25,000 share options were granted during the year ended December 31, 2016, where 6,250 share options vests every three months. The assumptions used in the Black-Scholes Option Pricing model were as follows: expected price volatility of 109%, risk free interest rate of 0.55%, expected life of options of 1 year, and no dividend yield. The fair value of these options granted was $0.16, resulting in a total fair value of $4,043.

4,700,000 share options were granted during the year ended December 31, 2015, which all vested on the date of grant. The assumptions used in the Black-Scholes Option Pricing model were as follows: expected price volatility of 73%, risk free interest rate of 0.62%, expected life of options of 1 year, and no dividend yield. The fair value of these options granted was $0.06, resulting in a total fair value of $276,515.

The fair value of each share option is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table above. Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected term of share options granted represents the period of time that share options granted are expected to be outstanding. The risk-free rate of periods within the contractual life of the share option is based on the Canadian government bond rate.

During the year ended December 31, 2016, 1,775,000 share options were forfeited, of which, 1,750,000 were voluntarily forfeited by two officers of the Company.

During the year ended December 31, 2016, 600,000 share options were cancelled as per an agreement between the Company and a former director and officer of the Company.

13. Share capital - *continued*

(c) Warrants

The Company granted warrants to third parties as finders' fees, in connection with a private placement of the Company's common shares. The warrants have a total fair value of $18,352. In addition, the Company granted 300,000 warrants in connection with loans payable with a value of $20,200. Warrants are exercisable as follows:

Grant date	Number of warrants	Exercise Price ($)	Expiration Date	Fair value per warrant ($)	Total fair value ($)
September 1, 2016	60,530	0.30	January 28, 2018	0.1617	9,788
October 24, 2016	300,000	0.30	October 24, 2017	0.0673	20,200
November 1, 2016	20,250	0.35	November 2, 2017	0.0924	1,871
November 1, 2016	64,695	0.30	May 2, 2018	0.1035	6,693
	445,475				**38,552**

The fair value of each finder's warrant is estimated on the date of grant using the Black-Scholes Option Pricing Model that uses the assumptions noted in the table below. Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected term of warrants granted represents the period of time that warrants granted are expected to be outstanding. The risk-free rate of periods within the contractual life of the warrants is based on the Canadian government bond rate.

Grant date	Expected price volatility	Risk free interest rate	Expected life of warrants	Expected dividend yield
September 1, 2016	109%	0.55%	1 year	nil
November 1, 2016	115%	0.54%	1 year	nil

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

	Number of warrants	Weighted average exercise price ($)
Balance, January 1, 2015 and December 31, 2015	-	-
Granted	445,475	0.30
Balance, December 31, 2016	**445,475**	**0.30**

13. Share capital - *continued*

(d) Loss per share

	Year ended	
	December 31, 2016 ($)	**December 31, 2015 ($)**
Basic and diluted loss per share from continuing operations	(0.06)	(0.28)
Basic and diluted income (loss) per share from discontinued operations	0.00	(0.00)
Basic and diluted net loss per share	(0.06)	(0.28)
Loss from continuing operations	(4,477,046)	(1,793,938)
Income (loss) from discontinued operations	21,892	(7,615)
Net loss for the year	**(4,455,154)**	**(1,801,553)**

(e) Diluted loss per share

	Year ended	
	December 31, 2016	**December 31, 2015**
Shares outstanding, beginning of year	72,608,931	50
Private placement	1,224,038	-
Share - based payment	9,515	-
Share options exercised	10,082	-
Reverse takeover transaction	-	6,365,710
Basic and diluted weighted average number of shares outstanding	**73,852,566**	**6,365,760**

For the year ended December 31, 2016 there were 2,420,000 (2015 – 4,800,000) share options and 445,475 warrants (2015 – nil) that are potentially dilutive but not included in the diluted loss per share calculation as the effect would be anti-dilutive.

The weighted number of shares outstanding for the year ended December 31, 2015 was calculated based on the number of Agricola shares outstanding up to the date of the RTO and the number of common shares of the Company outstanding from the date of the RTO to the end of the year.

(f) Escrow shares

As at December 31, 2016 and 2015, 46,125,005 shares originally issued to Organto Guatemala shareholders remain in escrow.

14. Cost of sales

	Year ended	
	December 31, 2016 ($)	December 31, 2015 ($)
Materials and transportation	520,221	436,493
Produce purchases	661,939	935,493
Salaries and benefits	310,168	236,869
Amortization (note 9)	147,948	276,755
Plant overhead	353,352	133,237
	1,993,628	**2,018,847**

The Company has reclassified, for the year ended December 31, 2015, $276,755 of amortization and $133,237 of plant overhead from operating cost to cost of sales. There is no impact to net loss from continuing operations or net loss for the year.

15. Selling, general and administration expenses

	Year ended	
	December 31, 2016 ($)	December 31, 2015 ($)
Administrations and office	404,414	230,206
Professional fees	422,421	132,523
Investor relations	159,645	20,138
Overhead and operating	596,322	506,241
Bad debt expense	124,290	-
Allowance for doubtful amounts	442,696	53,200
Other	151,861	33,691
	2,301,649	**975,999**

16. Related party transactions

The Company has a services agreement with Columbus Gold, whereby Columbus Gold provides management and administration services for a fixed monthly fee of $10,000 per month for 2016. The initial services agreement was effective November 30, 2015 and terminated on December 31, 2016. A New Services Agreement had been entered into effective January 1, 2017 which expires December 31, 2017, and may be terminated at any time subject to the provisions of the New Services Agreement. The fixed monthly fee for 2017 is $25,000 per month, of which, $10,000 is payable in common shares of the Company. Columbus Gold has certain directors and officers in common with the Company.

16. Related party transactions - *continued*

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

	Year ended	
	December 31, 2016 ($)	**December 31, 2015 ($)**
Management fees paid or accrued to Fresh Organics LLC, a Company owned by Marcus Meurs, the COO of the Company	273,686	8,000
Sales to Fresh Organics LLC, Unifresh LLC and/or Juan Paz LLC, companies owned by Marcus Meurs	-	915,312
Management fees paid or accrued to Peter Gianulis, President and CEO of the Company	175,730	96,000
Management fees paid or accrued to Andres Barresi, COO of the Company at the time	122,463	-
Management fees paid or accrued to Brandal B.V., a company owned by Rients van der Wal, a director of the Company's subsidiary	271,080	54,593
Administration fees paid or accrued to Columbus Gold	125,000	21,500
Directors fees paid or accrued	72,000	6,000
	1,039,959	**1,101,405**

The following summarizes advances, amounts that remain payable or accrued to each related party:

	December 31, 2016 ($)	**December 31, 2015 ($)**
Management fees (payable) advanced to Fresh Organics LLC	(12,775)	129,085
Due to Omega (note 10)	(500,419)	(451,825)
Management fees payable to Peter Gianulis	(240,857)	(44,707)
Management fees payable to Andres Barresi	(90,973)	-
Loan payable to Peter Gianulis (note 11)	(64,496)	-
Directors fees included in accrued liabilities	(78,000)	(6,000)
Due to Columbus Gold	(138,683)	(5,250)
Amounts due to Columbus Gold, settled in exchange for the Mogollon property	-	(453,698)
Loan payable to CrediPresto, a corporation of which Javier Reyes, a director of the Company, is a principal (note 11)	(118,439)	(114,657)
	(1,244,642)	**(947,052)**

17. Segmented information

The Company has one reportable business segment, being the sourcing, processing, packaging and distribution of organic and specialty food products. The majority of sales were made to 5 customers during the year ended December 31, 2016, and 11 customers during the year ended December 31, 2015.

17. Segmented information – *continued*

Information by geographical areas is as follows:

	December 31, 2016 ($)	December 31, 2015 ($)
Current assets		-
Canada	55,046	84,034
Guatemala	169,935	960,221
Argentina	57,276	-
Netherlands	95,417	-
USA	-	481,379
	377,674	1,525,634
Non-current assets		
Canada	-	479,732
Guatemala	4,725,323	5,189,331
	4,725,323	5,669,063
Total assets		
Canada	55,046	563,766
Guatemala	4,895,258	6,149,552
Argentina	57,276	-
Netherlands	95,417	-
USA	-	481,379
	5,102,997	**7,194,697**

Significant customer sales are as follows:

		Year ended			
Customers	**Location of Customer**	**December 31, 2016 ($)**	**%**	**December 31, 2015 ($)**	**%**
Customer A	USA	675,067	31	565,030	34
Customer B	Europe	483,645	22	259,290	16
Customer C	Europe	332,961	15	19,875	1
Customer D	Europe	250,019	12	239,680	15
Customer E	Europe	243,455	11	64,631	4
Others	Europe	170,063	9	492,451	30
		2,155,210	**100**	**1,640,957**	**100**

18. Financial risk and capital management

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at December 31, 2016 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 a creditworthy chartered banks in Canada, Guatemala, Argentina and Europe. The risk is assessed as low.

(b) Liquidity risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash and cash equivalent 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 December 31, 2016, the Company had a working capital deficiency of $4,072,903 (2015 – $881,783). Liquidity risk is assessed as high.

To address the liquidity risk, on February 23, 2017, the Company entered into a non-brokered convertible debenture private placement of $2,035,000. The Debentures issued pursuant to the private placement will be unsecured, have a term of three years, and bear interest of 8% annually, payable in arrears starting one year after the date of issuance of such Debentures. Holders may elect to convert the principal amount of their Debentures into common shares at a price of $0.35 per share until the maturity date (note 21).

The Company received a bridge loan of $268,540 (US$200,000) April 2017 (note 21) to further address liquidity risk.

The Company intends to complete additional private placements of its common shares to reduce liquidity risk.

(c) Market risks – interest rate

The Company does not have debt that is subject to interest rate risks as the rates are repayable at fixed rates of repayment.

Sensitivity analysis

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

18. Financial risk and capital management - *continued*

As the Company's presentation currency is the Canadian Dollar, where foreign currency transactions such as the US Dollar, European Euro, Guatemalan Quetzal and Argentine Peso are converted into Canadian Dollars, changes in exchange rates between these currencies may have an effect on the Company's 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 $80,000.

Capital management

The Company's objectives when managing capital are to ensure an optimal capital structure is maintained to reduce overall cost of capital and allow the Company flexibility to respond to changes in its working capital requirements.

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

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company 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 its capital requirements, the Company monitors working capital and cash flows regularly. There have been no changes to the Company's capital management policies and procedures since the end of the most recent fiscal year.

Fair value

The fair value of the Company's financial instruments including cash, receivables, accounts payable, Due to Omega S.A., loans payable and amounts due to Columbus Gold approximates their carrying value due to the immediate or short term maturity of these financial instruments.

The Company's embedded derivative financial liability's fair value is estimated each reporting date using the Black-Scholes Option Pricing Model that uses the following assumptions as at December 31, 2016: i) expected price volatility of 112%, ii) risk free interest rate of 0.73%, and iii) expected life of 0.33 year(s). Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected life of the embedded derivative financial liability represents the period of time that the financial instrument granted is expected to be outstanding. The risk-free rate of periods within the contractual life of the financial instrument is based on the Canadian government bond rate.

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).

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

19. Income taxes

(a) The provision for income taxes reported differs from the amount computed by applying the applicable Canadian federal and provincial income tax rates to the loss before tax provision due to the following:

	Year ended	
	December 31, 2016 ($)	**December 31, 2015 ($)**
Net loss for the year	(4,455,154)	(1,801,553)
Statutory tax rate	26%	26%
Recovery of income taxes computed at statutory rates	(1,158,340)	(468,404)
Foreign tax differences, rate changes, FX	(51,000)	(1,232)
Expiry of non-capital losses carried forward	597,400	-
Non-deductible items	57,200	395,464
Share issue costs and other	1,298,940	(75,501)
Change in valuation allowance of deferred tax assets	(744,200)	149,673
Income tax (recovery) expense	-	-

(b) The Company has not recognized any deferred tax assets or liabilities as of December 31, 2016 and 2015.

(c) Deferred tax assets (liabilities) have not been recognized in respect of the following items:

	December 31, 2016 ($)	**December 31, 2015 ($)**
Net operating losses carried forward	1,377,100	1,965,599
Share issue costs	25,500	-
Resource properties	24,100	205,344
Valuation allowance	(1,426,700)	(2,170,943)
	-	-

As at December 31, 2016 and 2015, the Company has deductible temporary differences for which deferred tax assets have not been recognized because it is currently not probable that future profit will be available against which the Company can utilize the benefits.

19. Income taxes - *continued*

As of December 31, 2016, the Company has Canadian tax loss carryforwards of approximately $4,760,328 (2015 – $3,132,600) available to reduce future years' taxable income. The Company recognizes the benefit of tax losses only to the extent of anticipated future taxable income in the relevant jurisdictions. The Company's tax loss carryforwards will expire, if not utilized, as follows:

	Canada ($)
2030	471,411
2031	543,199
2032	591,672
2033	637,246
2034	420,000
2035	469,100
2036	1,627,700
	4,760,328

In addition, the Company has non-capital losses in its subsidiaries which will expire over various terms. The amount of those non-capital losses carried forward is as follows:

	($)
Netherlands (€160,200)	227,000
Argentina (ARS$ 2,134,800)	182,200
	409,200

20. Commitments

At December 31, 2016, the Company has the following commitments:

	Within 1 year ($)	**Between 1 and 5 years ($)**	**After 5 years ($)**	**Total ($)**
Lease payments for land use in Guatemala (note 9)	152,940	547,419	529,150	1,229,509
Management fees to Peter Gianulis (note 16)	193,349	418,922	-	612,271
Management fees to Fresh Organics LLC (note 16)	271,897	327,283	-	599,180
Services agreement with Columbus Gold (note 16)	300,000	-	-	300,000
	918,186	**1,293,624**	**529,150**	**2,740,960**

21. Subsequent events

Convertible debenture private placement

On February 23, 2017 the Company entered into a non-brokered convertible debenture private placement of $2,035,000 (received). The convertible debentures (the "Debentures") have a term of three years, and bear interest of 8% annually, payable in arrears starting one year after the date of issuance of such Debentures. Holders may elect to convert the principal amount of their Debentures into common shares at a price of $0.35 per share until the maturity date. Finders may be issued common shares as compensation pursuant to the private placement, equal to 6% of the total dollar amount of Debentures sold by any finder, divided by the 20 day VWAP prior to the closing date of the financing.

Renegotiation of debt

On March 14, 2017 the Company signed a settlement agreement with Arturo Bickford and Omega, in which they assumed certain debts of the Company (including an outstanding debt for US$185,000 as part of the "RTO") and in which the Company agreed to pay Arturo Bickford US$510,000 (US$60,000 due on signing, US$70,000 due in 8 weeks following signing, a US$200,000 convertible note with no interest, convertible at $0.20 per share, due in six months or earlier if the Company raises US$1.0 million in equity, and a US$180,000 term note with no interest, due in six months or earlier if the Company raises over US$1.5 million in equity) (note 10).

Bridge loan

The Company received new bridge loans totalling $268,540 (US$200,000) in April 2017. The loans are unsecured, bear interest at a rate of 8% per annum and have a one year repayment term, subject to the option of the lenders to demand early repayment any time after Organto has announced the completion of an equity financing for aggregate proceeds of at least $1,342,700 (US$1,000,000). An aggregate of 1,000,000 non-transferable warrants will be issued to the lenders, exercisable for a term of one year from the date of the loan agreements, at $0.20 per share. The new bridge loan agreements are subject to the approval of the TSX-V.