Organto Foods Inc.

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Canada

Management's Discussion and Analysis
(Unaudited)

For the Six Months Ended
June 30, 2017

(Stated in Canadian Dollars)

Dated August 29, 2017

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Basis of Presentation

The following Management's Discussion and Analysis ("MD&A") provides an overview of the business and operations of Organto Foods Inc. for the three and six months ended June 30, 2017. 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 and the accompanying unaudited condensed interim consolidated financial statements for the interim period ended June 30, 2017, both of which were 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 June 30, 2017, and "this period" or "current period" refers to the six months ended June 30, 2017.

This MD&A is dated August 29, 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; our ability to open up and sell through retail chains and other channels in Europe and North America; our ability to procure required volumes of organic produce from both our own operations and strategic third party suppliers; our 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 equipment and operating supplies in sufficient quantities and on a timely basis; our ability to attract and retain skilled labour and staff; our ability to operate in The Netherlands, Europe, North America and elsewhere; 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

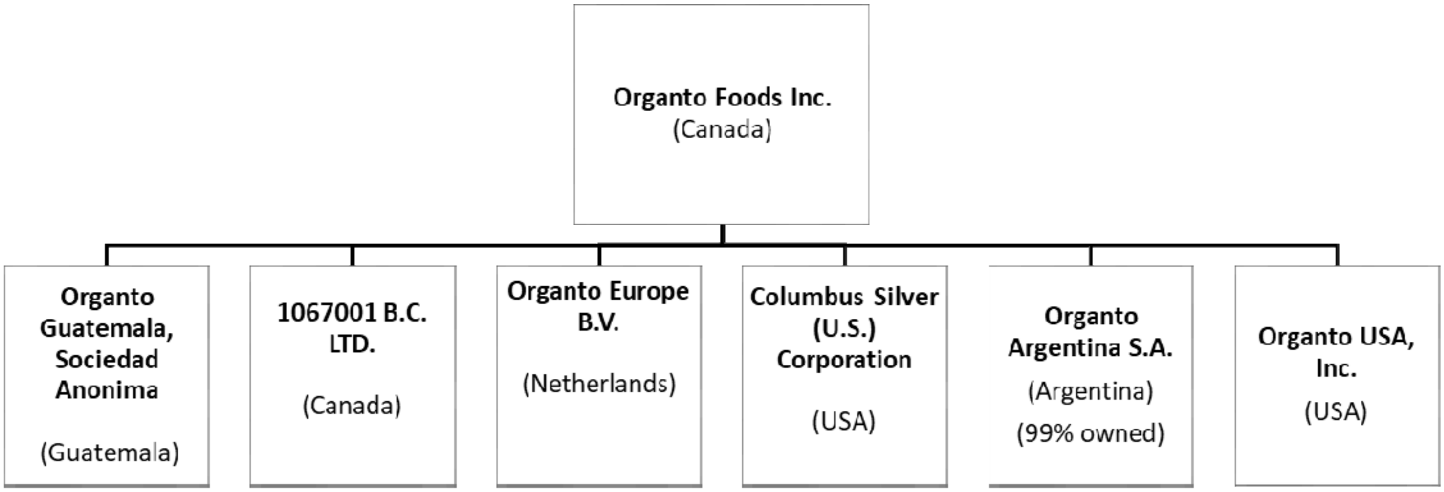
In March 2014 Agricola Nuova Terra S.A. ("Agricola"), a privately owned business, commenced operations to build out a global year round organic supply platform focused on the production and distribution of value-added branded organic vegetables.

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, Peru, Mexico, and other geographies via strategic relationships 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 six 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. We have the following capital structure as at the date of this MD&A and June 30, 2017:

	August 29, 2017	**June 30, 2017**
Common shares issued and outstanding	92,669,599	89,765,821
Share purchase options outstanding ($0.065-$0.20)	2,245,000	2,245,000
Warrants ($0.25-$0.35)	16,497,490	14,332,282

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, and the ability to provide year round product supply and complete traceability from the table back to the field. Our model is rooted in our commitment to sustainable business practices focused on environmental responsibility and our commitment to the communities where we operate, our people and our shareholders.

Our focused strategic blueprint is centered on three key strategic pillars: *Supply, Brand and Infrastructure*.

- *Supply* –development of year round vertically integrated organic supply chain capabilities;
- *Brand* – building the Organto brand as a leading brand in organic value-added vegetables with large retailers worldwide; and
- *Infrastructure* – responsibly building-out the organization to allow the business to scale at speed.

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 and to US$47 billion in 2016, much ahead of the growth in sales of conventional products, and now representing over 5% of total food sales. Furthermore, over half of all households in the US have purchased organic produce and the fresh produce segment is the fastest growing within the organic segment, now representing 15% of all the produce that Americans eat. And this is not just a US phenomenon. The organic market in Europe continues to grow. In 2015 the market increased by 13% and reached approximately Euro 30 billion. Globally European countries account for the highest share of organic food sales as a percentage of total food sales. 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 2017

On August 3, 2017, we closed the second tranche of our previously announced non-brokered private placement. Gross proceeds of $324,781 were raised from the sale of 2,165,208 units at a price of $0.15 per unit. Each unit consists of one common share and one transferrable warrant to purchase one additional common share of Organto exercisable at a price of $0.25 for a period of 24 months from the closing date.

On July 19, 2017, we announced that we entered into a strategic agreement with ProSpection Consulting LLC ("ProSpection") to develop and manage supply of certified organic products for us from strategic third party suppliers in Egypt, sub-Saharan Africa and India. ProSpection is headquartered in Cairo, Egypt and bring extensive local and agronomic expertise to Organto as we build out our global supply network.

On July 4, 2017, we announced the appointment of Andrew Yau, the current Chief Financial Officer of Organto, to the position of Interim Corporate Secretary, following the departure of Jenna Virk from the positions of Corporate Secretary and VP, Legal, effective immediately.

On June 20, 2017, we closed the first tranche of our previously announced non-brokered private placement. Gross proceeds of $1,904,945 were raised from the sale of 12,699,634 units at a price of $0.15 per unit. Each unit consists of one common share and one transferrable warrant to purchase one additional common share of Organto exercisable at a price of $0.25 for a period of 24 months from the closing date.

On June 8, 2017, we closed our previously disclosed February 2017 convertible debenture financing in the amount of $2,035,000. The debentures bear interest at a rate of 8% per annum, payable annually with the first interest payment due on June 30, 2018, and are convertible into common shares at a conversion price of $0.35. The debentures are also subject to a call feature at our sole election.

On May 16, 2017, we issued 250,000 common shares to a supplier to settle amounts owing of $62,500.

On May 15, 2017, we announced the signing of a five year exclusive supply agreement with GB Organic SAC ("GB Organic"), for the provision of specified volumes of organic snow peas, organic sugar snaps and organic green beans from GB Organic's organic growing and processing operations located in the Andean Highlands of Peru. Supply from this source is expected to commence during the third quarter of 2017.

On May 11, 2017, we announced our intention to complete a non-brokered private placement of 23,000,000 units at a price of $0.15 per unit for gross proceeds of up to $3,450,000. Each unit will consist of one common share and one warrant exercisable to purchase one additional common share at a price of $0.25 for a period of 24 months after the closing date. The exercise date of the warrants will be subject to acceleration in the event that the volume-weighted average closing price of our common shares on the TSXV, or such other stock exchange on which our common shares are primarily traded from time to time, is greater than or equal to $0.35 per share for a period of 10 consecutive trading days (an "Acceleration Event") and such Acceleration Event occurs any time after the expiration of a four month hold period. Subject to the approval of the TSXV, we may pay to eligible finders cash finders' fees equal to 8% of the gross proceeds raised and issue finders' warrants equal to 8% of the number of units issued to applicable subscribers under the private placement. Each finder's warrant will be exercisable into one Organto common share at a price of $0.15 for a period of 24 months from the closing 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 were issued to the lenders, exercisable for a term of 1 year from the date of the loan agreements, at $0.20 per share. In connection with the new bridge loans, terms of the bridge loans received September 23, 2016 were amended to extend the term and interest rate to align with the new bridge loans, and 300,000 warrants initially issued were cancelled and replaced with the 1,000,000 non-transferable warrants detailed above.

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 and leading retailer in Belgium. Our products were first be added to the Delhaize chain in Belgium.

On April 19, 2017, we announced key leadership changes. Effective May 1, 2017 Arnoud Maas was appointed Chief Executive Officer, succeeding Peter Gianulis who transitioned into the role of Executive Vice President, Corporate Development and continue as a Director of the Board. In addition, Steve Bromley was 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 next Annual General Meeting of Shareholders.

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. ("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 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). As this agreement was not approved in full by the TSX-V, we are currently restructuring this settlement.

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 this 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 assumed 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.

Operations

Go-To-Market Model

We have developed a branded go-to-market strategy under the Organto brand. We believe our ability to drive a differentiated branded products strategy is based on our continued development of year round supply capabilities which we believe 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 CO2 neutral logistics and 100% compostable packaging, and the first to globally market under a consistent brand to consumers. In hand with our branded products focus, we also work with retail partners to provide value-added private label offerings, with the objective of maximizing efficiencies while creating category demand for our brand. Our products are 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 initially sourcing and supplying organic green beans, organic sugar snaps, organic snow peas from a combination of company operated operations in Guatemala and Argentina and third party sourcing arrangements in Peru, 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. We intend to expand our product offering and supply sources over time as out business model scales.

Products for the European market are shipped bulk from our supply sources and 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.

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 in 2018. All land that will be in production has both USDA and EU organic certification.

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

Peru

In Peru, we have an agreement in place with a strategic third party supplier which has approximately 144 hectares of organic farmland. Our agreement is for five years, with the supplier committing to deliver specified volumes of organic green beans, snow peas and organic sugar snaps to us during 2017 and 2018 at a pre-established price. Quantities and pricing for subsequent years are to be determined on a year to year basis.

We expect to receive first shipments from Peru in the third quarter of 2017.

Africa

We have a strategic agreement in place with ProSpection to develop and manage supply of certified organic products for us from strategic third party suppliers in Egypt, sub-Saharan Africa and India.

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 expanding growing operations into Egypt via strategic third party growing relationships and expect to finalize these in the second half of 2017.

Products from African sources will include organic green beans, organic snow peas and organic sugar snaps and this may be expanded as our business grows and market demand dictates.

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.

Products are expected to 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 we expect that all services will be 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 we expect our presence in the US will expand as commercial activities ramp-up late in 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 six months ended June 30, 2017, 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.

Financial Performance

The following highlight's our financial performance for the three and six months ended June 30, 2017:

	Three months ended			Six months ended		
	June 30, 2017 ($)	**June 30, 2016 ($)**	**% Change**	**June 30, 2017 ($)**	**June 30, 2016 ($)**	**% Change**
Revenues	284,878	518,551	(45%)	320,452	1,919,891	(83%)
Gross (loss) profit	(260,796)	208,538	(225%)	(418,026)	238,312	(275%)
Net loss for the period	(1,260,983)	(518,743)	(143%)	(2,239,543)	(1,165,191)	(92%)
Cash used in operating activities	(862,864)	(92,254)	(835%)	(2,644,507)	(139,520)	(1,795%)
Loss per share, basic and diluted	(0.01)	(0.01)	-	(0.02)	(0.02)	-

Review of Financial Results – Current Quarter

We incurred a net loss of $1,260,983 during the current quarter, compared to $518,743 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 June 30, 2017 were $284,878 as compared to $518,551 during the same period in the prior year. Revenues in the quarter were generated from the initial stages of the commercial roll-out of our organic product offering after an extended period in the last two quarters in 2016 with limited revenue as we completed trials of our processes and attained organic certifications, all in support of the build out of our year round supply capabilities. Revenues from the prior year quarter were mainly from conventional produce as we validated our supply and logistics processes. It should be noted that in the fourth quarter of 2016 we wrote off approximately $440,000 in bad debt expense which was related primarily to revenues recorded in the first two quarters of 2016. We expect revenues to ramp-up going forward as our supply increases from both our own growing and processing operations and strategic third party suppliers. Gains from recognition and remeasurement of biological assets arise from when seeds are sown up until when they are harvested, with corresponding increases in fair value. Gross profit was impacted in the quarter by increased overheads associated with the build-out and ramp-up of our capabilities in advance of scale, yield losses due to low utilization rates, plus amortization costs related to our fixed assets.

Selling, general and administration expenses increased to $525,903 this quarter, up from $367,634 in the prior year. These increased costs are primarily attributable to increased monthly services fees to Columbus Gold, increased travel, and additional administration expenses to support growth and expansion.

Management fees during the current quarter increased to $301,354, compared to $263,406 in the prior year, attributable primarily to the addition of key leadership and advisors to our team. The management fees are attributable to the CEO, COO and certain management and advisors of the Company.

Salaries and benefits increased in the current quarter to $90,529 from $51,828 in the prior year. The increase is the result of the ramping up of the commercial roll-out of our organic product offering.

We have amounts due to Omega, short-term loans payable, a convertible loan payable, convertible debentures, and certain accounts payable, which incur interest at various rates. Total interest expense recognized during the current quarter relating to these liabilities is $71,776, compared to $85,348 during the prior year comparative period.

We recorded other income of $10,128 this quarter, in connection with the settlement of certain liabilities.

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 loss of $20,753 this quarter as compared to a gain of $19,043 during the prior year comparative period.

During the current quarter we realized a loss per share, both basic and diluted, of $0.01 versus a loss per share, both basic and diluted, of $0.01 in the prior year.

Review of Financial Results – Current Period

We incurred a net loss of $2,239,543 during the current period, compared to $1,165,191 during the same period in the prior year. The increase in the net loss for the period is discussed below.

Revenues for the six months ended June 30, 2017 were $320,452 as compared to $1,919,891 during the same period in the prior year. Revenues for the period represented the start of the commercial roll-out of our organic product offering late in the period after an extended period in the last two quarters of 2016 with limited revenue as we completed trials of our processes and attained organic certifications, all in support of the build out of our year round supply capabilities. Revenues from the prior year quarter were mainly from conventional produce as we validated our supply and logistics processes. It should be noted that in the fourth quarter of 2016 we wrote off approximately $440,000 in bad debt expense which was related primarily to revenues recorded in the first two quarters of 2016. We expect revenues to ramp-up going forward as our supply increases from both our own growing and processing operations and strategic third party suppliers. Gains from recognition and remeasurement of biological assets arise from when seeds are sown up until when they are harvested, with corresponding increases in fair value. Gross profit was impacted in the quarter by increased overheads associated with the build-out and ramp-up of of our capabilities in advance of scale, yield losses due to low utilization rates, plus amortization costs related to our fixed assets.

Selling, general and administration expenses increased to $925,300 this period, up from $634,557 in the prior year. These increased costs are primarily attributable to increased monthly services fees to Columbus Gold, increased travel, and additional administration expenses to support growth and expansion.

Management fees during the current period increased to $561,406, compared to $391,541 in the prior year, attributable to the addition of key leadership and advisors and compensation adjustments. The management fees are attributable to the CEO, COO and certain management and advisors of the Company.

We have amounts due to Omega, short-term loans payable, a convertible loan payable, convertible debentures, and certain accounts payable, which incur interest at various rates. Total interest expense recognized during the current period relating to these liabilities is $159,348, compared to $127,500 during the prior year comparative period.

We incurred other losses of $44,325 this period, compared to $nil during the comparative prior period. The loss in the current period is mainly attributable to the settlement of certain commitments, reducing the overall amount of payments the company is required to make.

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 loss of $545 this period as compared to $74,110 during the prior year comparative period.

We recorded a gain on embedded derivative financial liability of $69,361 this period, as a result of the expiration of the conversion option on our convertible loan payable.

During the current quarter we realized a loss per share, both basic and diluted, of $0.01 versus a loss per share, both basic and diluted, of $0.01 in the prior year.

Selected Quarterly Information

	Q2 2017 ($)	Q1 2017 ($)	Q4 2016 ($)	Q3 2016 ($)	Q2 2016 ($)	Q1 2016 ($)	Q4 2015 ($)	Q3 2015 ($)
Revenues	284,878	35,574	25,969	209,350	518,551	1,401,340	815,624	15,484
Loss from continuing operations attributable to shareholders of the Company	(1,300,937)	(870,271)	(2,091,813)	(1,047,678)	(537,271)	(647,552)	(1,081,633)	(387,262)
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	(1,300,937)	(870,271)	(2,091,813)	(1,047,678)	(515,379)	(647,552)	(1,089,248)	(387,262)
Basic and diluted loss per share from continuing operations	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)	(0.01)	(0.04)	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 period	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)	(0.01)	(0.04)	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.

	Jun 30, 2017 ($)	Mar 31, 2017 ($)	Dec 31, 2016 ($)	Sep 30, 2016 ($)	Jun 30, 2016 ($)	Mar 31, 2016 ($)	Dec 31, 2015 ($)	Sep 30, 2015 ($)
Cash	1,142,413	201,663	26,230	129,077	76,861	3,969	63,211	11,374
Total assets	6,646,020	5,428,130	5,102,997	6,296,781	6,293,876	7,028,267	7,194,697	5,310,985
Total non-current financial liabilities	(1,919,750)	-	-	-	-	-	(764,087)	(1,807,067)

Liquidity and Capital Resources

At June 30, 2017, we had cash of $1,142,413 and a working capital deficiency of $1,966,308, compared to $26,230 and $4,072,903, respectively, at December 31, 2016.

Cash used in operating activities for the three and six months ended June 30, 2017 was $862,864 and $2,644,507, respectively, compared to $92,254 and $139,520, during the same respective periods in the prior year. Cash used in operations consists of cash used to fund the loss for the period and the impact of non-cash items and changes in non-cash working capital.

During the three and six months ended June 30, 2017, we invested $7,919 and $21,306, respectively, in property, plant and equipment. During the respective comparative prior year periods, we invested $35,527 and $56,581. We also received $27,448 from the sale of the Clanton Hills property during the six months ended June 30, 2016.

During the current quarter, we received $1,814,721 from financing activities, compared to $203,274 during the same period in the prior year. The increase is primarily attributable to completing non-brokered private placements of the Company's common shares for net proceeds of $1,830,860, and receiving bridge loans of $271,840, partially offset by a loan repayment of $322,495.

During the current period, we received $3,785,225 from financing activities, compared to $186,974 during the same period in the prior year. The increase is primarily attributable to completing non-brokered private placements of the Company's common shares for net proceeds of $1,830,860, and receiving $2,035,000 for convertible debentures issued, and receiving bridge loans of $271,840, partially offset by loan repayments of $386,991.

At June 30, 2017, we had current liabilities of $4,024,642, and non-current liabilities of $1,919,750.

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 June 30, 2017 ($)
Cash	Fair value through profit or loss	Credit, currency and concentration	1,142,413
Receivables	Amortized cost	Credit, currency and concentration	269,994
Accounts payable	Amortized cost	Currency	(1,756,319)
Due to Omega S.A.	Amortized cost	Currency	(493,648)
Short-term loans payable	Amortized cost	Currency	(194,111)
Convertible loan payable	Amortized cost	Currency	(813,398)
Due to Columbus Gold	Amortized cost	n/a	(216,639)
Convertible debentures	Amortized cost	n/a	(1,609,750)
Derivative financial liability	Fair value through profit or loss	n/a	(310,000)
			(3,981,458)

The fair value of our financial instruments including cash, receivables, accounts payable, due to Omega, short-term 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 fair value of the debt component of our convertible debentures is based on the effective interest rate method, with the residual balance allocated to the conversion component, derivative financial liability.

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 and six months ended June 30, 2017, we recognized a gain of $nil and $69,361, respectively, in connection with our *Embedded derivative financial liability*, as a result of the expiry of the conversion option.

We incurred aggregate interest expense of $71,776 and $159,348 in connection with amounts due to Omega, short-term and convertible loans payable, and convertible debentures during the three and six months ended June 30, 2017, compared to $85,348 and $127,500 for the respective prior year periods.

Our financial instruments are exposed to certain financial risks. The risk exposures and the impact on our financial instruments at June 30, 2017 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.

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

(b) Liquidity risk

Liquidity risk arises from the Company's general and capital financing needs. We manage liquidity risk by attempting to maintain sufficient cash 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 June 30, 2017, we had a working capital deficiency of $1,966,308 (December 31, 2016 – $4,072,903). Liquidity risk is assessed as high.

To address the liquidity risk, we continued with the second tranche of a non-brokered private placement, which closed on August 3, 2017, for gross proceeds of $324,781. We intend on raising additional capital to further address 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 $54,000.

Capital Management

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

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

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

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

Related Party Transactions

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		Six months ended	
	June 30, 2017 ($)	**June 30, 2016 ($)**	**June 30, 2017 ($)**	**June 30, 2016 ($)**
Management fees paid or accrued to Fresh Organics LLC, a Company owned by Marcus Meurs, the COO of the Company	65,504	77,502	140,281	101,502
Management fees paid or accrued to Peter Gianulis, Executive Vice President, Corporate Development of the Company	47,901	77,502	95,498	113,502
Management fees paid or accrued to MCC Holding B.V. a company owned by Arnoud Maas, CEO of the Company	53,120	-	53,120	-
Management fees paid or accrued to Brandal B.V., a company owned by Rients van der Wal, a director of the Company's subsidiary	88,704	65,484	173,346	133,619
Management fees paid or accrued to Andres Barresi, former COO of the Company	-	42,918	7,293	42,918
Administration fees paid or accrued to Columbus Gold	76,800	30,000	153,000	65,000
Directors fees paid or accrued	18,000	18,000	36,000	36,000
	350,029	**311,406**	**658,538**	**492,541**

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

	June 30, 2017 ($)	**December 31, 2016 ($)**
Due to Omega (note 6)	493,648	500,419
Due to Columbus Gold		
to be settled in cash	6,639	138,683
to be settled in shares of Organto	210,000	-
Loan payable to CrediPresto, a corporation of which Javier Reyes, a director of the Company, is a principal (note 7)	123,837	118,439
Management fees payable to Andres Barresi	98,294	98,294
Management fees and expense reimbursements payable to Peter Gianulis	111,440	240,857
Loan payable to Peter Gianulis (note 7)	-	64,496
Management fees payable and (advances) to Fresh Organics	(86,675)	12,775
Directors fees included in accrued liabilities	84,864	78,000
	1,042,047	**1,251,963**

Commitments

At June 30, 2017, we have the following commitments:

	Within 1 year ($)	**Between 1 and 5 years ($)**	**After 5 years ($)**	**Total ($)**
Produce purchase	4,331,074	15,152,825	-	19,483,899
Lease payments for land use in Guatemala	141,352	520,099	431,431	1,092,882
Management fees to Arnoud Maas, CEO of the Company	315,774	-	-	315,774
Management fees to Fresh Organics LLC	253,052	189,962	-	443,014
Management fees to Peter Gianulis	189,464	309,229	-	498,693
Services agreement with Columbus Gold	153,600	-	-	153,600
	5,384,316	**16,172,115**	**431,431**	**21,987,862**

Risks and Uncertainties

Risk factors

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

Risks Related to Our Business

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

Agricola began carrying on business in 2014 and since that time we have built out our operating platform and generated approximately $4.5 million in revenues and operating losses of approximately $8.5 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 current quarter, we have generated operating losses since inception, cash resources are currently insufficient to meet planned business objectives, and thus additional financing will be required to realize the carrying value of our assets and continue operations, which together raises doubt about our ability to continue as a going concern.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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. Effective for the six months ending June 30, 2017, we enhanced our disclosure controls and procedures through the implementation of the *Internal Control – Integrated Framework (2013 Framework)* ("COSO 2013") control framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

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:	Robert Giustra (Chair) Jeffrey Klenda (Chair, Audit Committee) Javier Reyes Peter Gianulis Marc Meurs
Officers:	Robert Giustra, Chair Arnoud Maas, Chief Executive Officer Marc Meurs, President & Chief Operating Officer Andrew Yau, Chief Financial Officer Peter Gianulis, Executive Vice President, Corporate Development
Auditor:	DMCL LLP 1500 – 1140 West Pender Street Vancouver, BC, V6E 4G1
Legal Counsel:	McMillan LLP Suite 1500 - 1055 West Georgia Street Vancouver, BC, V6E 4N7
Transfer Agent:	Computershare Investor Services 2nd Floor – 510 Burrard Street Vancouver, BC, V6C 3B9

Organto Foods Inc.

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

Condensed Interim Consolidated Financial Statements

(Unaudited)

For the Three and Six Months Ended
June 30, 2017

(Stated in Canadian Dollars)

NOTICE OF NO REVIEW BY AUDITOR

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* of The Canadian Securities Administrators we hereby give notice that our condensed interim consolidated financial statements for the three and six months ended June 30, 2017, which follow this notice, have not been reviewed by an auditor.

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

	June 30, 2017 ($)	December 31, 2016 ($)
Assets		
Current assets		
Cash	1,142,413	26,230
Receivables (note 3)	269,994	53,237
Inventories (note 4)	384,506	246,723
Prepaid expenses	261,421	51,484
	2,058,334	377,674
Non-current assets		
Property, plant and equipment (note 5)	4,575,384	4,712,831
Other non-current assets	12,302	12,492
	6,646,020	**5,102,997**
Liabilities and Shareholders' equity		
Current liabilities		
Accounts payable (note 13)	1,756,319	2,212,356
Accrued liabilities (note 13)	550,527	440,090
Due to Omega S.A. (note 6)	493,648	500,419
Short-term loans payable (note 7)	194,111	302,558
Convertible loan payable (note 8)	813,398	787,110
Embedded derivative financial liability (note 8)	-	69,361
Due to Columbus Gold Corp. (note 13)	216,639	138,683
	4,024,642	4,450,577
Non-current liabilities		
Convertible debenture (note 9)	1,609,750	-
Derivative financial liability (note 9)	310,000	-
Total liabilities	**5,944,392**	**4,450,577**
Shareholders' equity		
Share capital (note 10)	7,854,941	6,000,631
Shares to be issued (note 10)	162,100	-
Reserves	1,397,391	1,126,939
Deficit	(8,499,892)	(6,328,684)
Equity attributable to shareholders of Organto Foods Inc.	**914,540**	**798,886**
Non-controlling interests	(212,912)	(146,466)
Total equity	**701,628**	**652,420**
	6,646,020	**5,102,997**

Nature of operations and going concern (note 1)
Commitments (note 15)
Subsequent events (note 17)

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 condensed interim consolidated financial statements.

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

	Three months ended		Six months ended	
	June 30, 2017 ($)	**June 30, 2016 ($)**	**June 30, 2017 ($)**	**June 30, 2016 ($)**
Sales (note 14)	284,878	518,551	320,452	1,919,891
Cost of sales (note 11)	(623,354)	(310,013)	(951,182)	(1,681,579)
Gain on remeasurement of biological assets	77,680	-	212,704	-
Gross profit (loss)	(260,796)	208,538	(418,026)	238,312
Selling, general and administration expenses (note 12)	525,903	367,634	925,300	634,557
Management fees	301,354	263,406	561,406	391,541
Salaries and benefits	90,529	51,828	199,954	197,687
	(1,178,582)	(474,330)	(2,104,686)	(985,473)
Interest expense	(71,776)	(85,348)	(159,348)	(127,500)
Other (loss) income	10,128	-	(44,325)	-
Foreign exchange gain (loss)	(20,753)	19,043	(545)	(74,110)
Gain on embedded derivative financial liability (note 8)	-	-	69,361	-
Net loss from continuing operations	**(1,260,983)**	**(540,635)**	**(2,239,543)**	**(1,187,083)**
Net income from discontinued operations	**-**	**21,892**	**-**	**21,892**
Net loss for the period	**(1,260,983)**	**(518,743)**	**(2,239,543)**	**(1,165,191)**
Net loss attributable to:				
Shareholders of Organto Foods Inc.	(1,300,937)	(515,379)	(2,171,208)	(1,162,931)
Non-controlling interest	39,954	(3,364)	(68,335)	(2,260)
	(1,260,983)	**(518,743)**	**(2,239,543)**	**(1,165,191)**
Loss per share (note 10e)				
Basic and diluted from continuing operations	(0.01)	(0.01)	(0.02)	(0.02)
Basic and diluted from discontinued operations	0.00	0.00	0.00	0.00
Basic and diluted	(0.01)	(0.01)	(0.02)	(0.02)

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

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

	Three months ended		Six months ended	
	June 30, 2017 ($)	**June 30, 2016 ($)**	**June 30, 2017 ($)**	**June 30, 2016 ($)**
Net loss for the period	**(1,260,983)**	**(518,743)**	**(2,239,543)**	**(1,165,191)**
Other comprehensive loss for the period:				
Item(s) that may subsequently be re-classified to net Income or loss:				
Foreign currency translation	172,065	7,628	182,791	(183,594)
Comprehensive loss for the period	**(1,088,918)**	**(511,115)**	**(2,056,752)**	**(1,348,785)**
Comprehensive loss attributable to:				
Shareholders of Organto Foods Inc.	(1,132,703)	(507,765)	(1,990,306)	(1,346,513)
Non-controlling interest	43,785	(3,350)	(66,446)	(2,272)
	(1,088,918)	**(511,115)**	**(2,056,752)**	**(1,348,785)**

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

Organto Foods Inc.

Condensed Interim Consolidated Statements of Cash Flow (Unaudited)

(Expressed in Canadian Dollars)

	Three months ended		Six months ended	
	June 30, 2017 ($)	June 30, 2016 ($)	June 30, 2017 ($)	June 30, 2016 ($)
Operating activities				
Net loss for the period from continuing operations	(1,260,983)	(540,635)	(2,239,543)	(1,187,083)
Items not involving cash				
Amortization (note 5)	100,835	169,433	189,777	338,089
Share-based payments	62,500	-	72,500	-
Foreign currency transaction loss (gain)	(17,396)	(14,242)	(36,096)	72,434
Accrued interest expense	54,054	59,751	141,626	81,522
Gain on embedded derivative financial liability (note 8)	-	-	(69,361)	-
Gain on remeasurement of biological assets (note 4)	(77,680)	-	(212,704)	-
Cash used in operating activities before changes in non-cash working capital	(1,138,670)	(325,693)	(2,153,801)	(695,038)
Changes in non-cash working capital				
Receivable	(90,778)	(64,605)	(216,757)	(439,534)
Inventories	68,289	124,693	74,920	85,206
Prepaid expenses	(58,109)	186,622	(209,936)	190,372
Accounts payable	268,495	(113,964)	(195,834)	557,098
Accrued liabilities	87,909	100,693	56,901	162,376
Cash used in operating activities	(862,864)	(92,254)	(2,644,507)	(139,520)
Investing activities				
Property, plant and equipment	(7,919)	(35,527)	(21,306)	(56,581)
Proceeds from sale of Clanton Hills property	-	-	-	27,448
Cash used in investing activities	(7,919)	(35,527)	(21,306)	(29,133)
Financing activities				
Proceeds from private placements	1,904,945	-	1,904,945	-
Share issuance cost	(74,085)	-	(74,085)	-
Proceeds from debentures issued	-	-	2,035,000	-
Interest paid	(5,484)	-	(5,484)	(13,487)
Shares to be issued	40,000	89,973	40,000	89,973
Repayment of short-term loan	(322,495)	-	(386,991)	(2,813)
Proceeds from short-term loan (note 7)	271,840	87,835	271,840	87,835
Loan from SG Strategic Income Limited (note 8)	-	25,466	-	25,466
Cash from financing activities	1,814,721	203,274	3,785,225	186,974
Effect of foreign exchange on cash	(3,188)	(2,601)	(3,229)	(4,671)
Increase in cash	940,750	72,892	1,116,183	13,650
Cash, beginning of period	201,663	3,969	26,230	63,211
Cash, end of period	**1,142,413**	**76,861**	**1,142,413**	**76,861**

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

Supplemental cash flow information

On February 16, 2017 and March 8, 2017, the company issued an aggregate of 44,386 shares to a consultant for services with a fair value of $10,000.

On May 16, 2017, the Company issued 250,000 common shares to SuperRebel.com B.V. as settlement for debt of $62,500.

(Expressed in Canadian Dollars)

	Number of shares	Share capital ($)	Shares to be issued ($)	Reserves ($)	Deficit ($)	Non-controlling interests ($)	Total ($)
Balance at January 1, 2016	72,608,931	4,834,368	-	1,215,087	(2,026,262)	-	4,023,193
Contributions from non-controlling interest	-	-	-	-	-	3	3
Proceeds received for planned private placement	-	-	89,973	-	-	-	89,973
Comprehensive loss for the period	-	-		(183,582)	(1,162,931)	(2,272)	(1,348,785)
Balance at June 30, 2016	**72,608,931**	**4,834,368**	**89,973**	**1,031,505**	**(3,189,193)**	**(2,269)**	**2,764,384**
Balance at January 1, 2017	76,771,801	6,000,631	-	1,126,939	(6,328,684)	(146,466)	652,420
Proceeds received from private placement (note 10a)	12,699,634	1,904,945	-	-	-	-	1,904,945
Funds received for planed Private placement (note 10b)	-	-	40,000	-	-	-	40,000
Share Issuance costs (note 10a)	-	(123,135)		49,050	-	-	(74,085)
Compensation shares (note 10b)	-	-	122,100	-	-	-	122,100
Share-based payments (note 10a)	294,386	72,500	-	-	-	-	72,500
Warrants (note 10d)	-	-	-	40,500	-	-	40,500
Comprehensive loss for the period	-	-	-	180,902	(2,171,208)	(66,446)	(2,056,752)
Balance at June 30, 2017	**89,765,821**	**7,854,941**	**162,100**	**1,397,391**	**(8,499,892)**	**(212,912)**	**(701,628)**

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

(Expressed in Canadian Dollars)

1. Nature of operations and going concern

The Company was incorporated on May 18, 2007 under the laws of the Province of British Columbia, Canada. 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'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.

These condensed interim 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 June 30, 2017, the Company had a working capital deficiency of $1,966,308 (December 31, 2016 – $4,072,903) and an accumulated deficit of $8,499,892 (December 31, 2016 - $6,328,684). 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

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the most recent annual financial statements for the year ending December 31, 2016. Certain amounts in the prior period have been reclassified to conform to the presentation in the current period.

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on August 29, 2017.

3. Receivables

	June 30, 2017 ($)	December 31, 2016 ($)
Trade receivables	558,053	444,626
Other receivables	160,142	53,237
	718,195	497,863
Allowance for doubtful amounts	(448,201)	(444,626)
	269,994	**53,237**

(Expressed in Canadian Dollars)

4. Inventories

	June 30, 2017 ($)	December 31, 2016 ($)
Packing material	130,054	186,587
Agricultural inputs	25,546	52,663
Biological assets	228,906	7,473
	384,506	**246,723**

A continuity of the Company's biological assets is presented in the table below:

	($)
Balance, January 1, 2015	-
Initial recognition and changes in fair value	7,473
Balance, December 31, 2016	**7,473**
Initial recognition and changes in fair value	221,433
Balance, June 30, 2017	**228,906**

Biological assets are measured at fair value within level 3 of the fair value hierarchy.

(Expressed in Canadian Dollars)

5. Property, plant and equipment

	Buildings ($)	Machinery & equipment ($)	Furniture and other ($)	Land ($)	Construction in progress ($)	Total ($)
Cost						
At January 1, 2016	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**
Additions	-	21,266	20,819	-	-	42,085
Dispositions	(162,571)	(23,003)	-	-	(57,704)	(243,278)
Foreign exchange	126,011	141,824	17,121	5,836	4,075	294,867
At June 30, 2017	**2,107,388**	**3,022,026**	**155,439**	**116,218**	**62,459**	**5,463,530**
Accumulated amortization						
At January 1, 2016	(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)**
Amortization for the period	(72,768)	(105,544)	(11,465)	-	-	(189,777)
Dispositions	20,818	-	-	-	-	20,818
Foreign exchange	(18,030)	(40,190)	(3,942)	-	-	(62,162)
At June 30, 2017	**(264,551)**	**(595,530)**	**(28,065)**	**-**	**-**	**(888,146)**
Net book value						
At December 31, 2016	**1,949,377**	**2,432,143**	**104,841**	**110,382**	**116,088**	**4,712,831**
At June 30, 2017	**1,842,837**	**2,426,496**	**127,374**	**116,218**	**62,459**	**4,575,384**

The Company's buildings are situated on land owned by a third party, which is subject to a lease agreement (note 15).

6. Due to Omega S.A.

The Company has a loan payable to Omega S.A. ("Omega"), a company owned by Arturo Bickford, one of the founding shareholders of Organto Guatemala, S.A., a subsidiary of the Company, in the amount of $322,958 (US$242,844), which accrues interest at 8.5% per annum and was due on October 31, 2016. During 2015, Omega advanced an additional $65,453 (Guatemalan Quetzals ("Q") Q400,050), with an interest rate of 42% per annum, and another $38,329 (US$28,821), interest free.

A payment of $37,297 (US$28,821) was paid to Omega on July 4, 2017.

On July 27, 2017, the Company reached a settlement agreement with Omega, to settle all amounts owing to Omega and $288,931 owing to a 3rd party included in accounts payable and accrued liabilities, on the following payment terms:

- $109,550 (US$87,500) on July 28, 2017 (paid);
- $35,687 (US$27,500) per month, from August 2017 to October 2018; and
- $30,169 (US$23,248) on November 15, 2018.

Interest accrues at 24% per annum for late payments.

(Expressed in Canadian Dollars)

6. Due to Omega S.A. - *continued*

The tables below summarize amounts owing to Omega:

	June 30, 2017 ($)	December 31, 2016 ($)
Loan from Omega (US$242,844), 8.5% interest	316,302	326,067
Advance from Omega (Q400,050) for working capital, 42% interest	72,826	63,973
Advance from Omega (US$28,821), interest free	38,977	38,698
Interest payable to Omega	65,543	71,681
	493,648	**500,419**

A continuity of the balances is shown below:

	($)
Balance at January 1, 2016	451,825
Partial payment of interest	(8,752)
Interest expense	71,681
Foreign exchange	(14,335)
Balance at December 31, 2016	**500,419**
Interest expense	28,451
Foreign exchange	(35,222)
Balance at June 30, 2017	**493,648**

7. Short-term loans payable

On July 19, 2016, the Company restructured previous loans (the "Original CrediPresto Loans") from CrediPresto SAPI de C.V., SOFOM, E.N.R. ("CrediPresto"), the principal of which is Javier Reyes, a director of the Company, into a new loan (the "New CrediPresto Loan") with a principal of $105,672 (US$81,430), due on June 30, 2017, accruing interest at 18% per annum. On August 3, 2017, the Company repaid $124,781 (US$95,388) to CrediPresto, representing full repayment.

On September 23, 2016, the Company received two bridge loans (the "Initial Bridge Loans") totaling $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 10d). The Company recorded $114,129 (US$85,000) as the fair value of the debt component, with the residual amount of $20,200 (US$15,000) allocated to the warrants.

On April 25, 2017, in connection with receiving new bridge loans totaling an additional $271,840 (US$200,000), the terms of both the Initial Bridge Loans and new bridge loans have been amended to an interest rate of 8% per annum, and are payable one year from the date of the new bridge loan agreements, subject to the option of the lenders to demand early repayment under certain conditions. A total of 1,000,000 non-transferrable warrants has been issued to the lenders, exercisable for a term of one year from the date of the new bridge loan agreements, at $0.20 per share. The Company recorded $229,500 (US$170,000) as the fair value of the debt component, with the residual amount of $40,500 (US$30,000) allocated to the warrants. The initial 300,000 warrants granted in connection with the Initial Bridge Loans were cancelled with issuance of new warrants under the new bridge loans.

The Company repaid principal of $311,448 (US$240,000) and interest of $11,047 (US$8,512) on June 16, 2017.

(Expressed in Canadian Dollars)

7. Short-term loans payable - *continued*

During 2016, Peter Gianulis, a director and officer of the Company, provided the Company with interest free loans totaling $64,496, due on demand. The loans from Peter Gianulis have been repaid during 2017.

	June 30, 2017 ($)	December 31, 2016 ($)
Bridge loans	66,183	114,129
Interest and accretion on bridge loans	4,091	5,494
Loan from CrediPresto (note 13)	105,672	109,337
Interest payable to CrediPresto (note 13)	18,165	9,102
Loans from Peter Gianulis (note 13)	-	64,496
	194,111	**302,558**

A continuity of the balances is shown below:

	($)
Balance at January 1, 2016	114,657
Interest payment on the Original CrediPresto loans (US$3,450)	(4,735)
Repayment of principal on the Original CrediPresto loans (US$30,050)	(40,373)
Original CrediPresto loans (US$18,000)	24,703
Loan from Peter Gianulis	64,496
Interest expense	26,457
Fair value of bridge loans (US$85,000)	114,129
Foreign exchange	3,224
Balance at December 31, 2016	**302,558**
Repayment of loan to Peter Gianulis	(64,496)
Fair value of new bridge loans ($170,000)	229,500
Repayment of bridge loan at fair value	(274,903)
Interest and accretion expense	33,982
Foreign exchange	(32,530)
Balance at June 30, 2017	**194,111**

8. 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 $784,641 (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). A payment of $47,755 (US$36,800) was made during July 2017, to SGSI to settle interest payable up to and including June 30, 2017.

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.

8. Convertible loan payable - *continued*

The Company recorded the fair value of the conversion option of $127,347 (US$98,057) as an embedded derivative financial 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 has been accreted to the face value of the loan over the one year term using the effective interest rate method.

On July 18, 2017, the Company restructured the secured convertible promissory note owing to SGSI, with the following terms:

- Maturity date – June 30, 2018;
- Monthly payments of $9,571 (US$7,375) from July 2017 to June 2018; and
- Conversion price reduced to $0.33.

The tables below summarizes amounts owing to SGSI.

	June 30, 2017 ($)	December 31, 2016 ($)
Loan from SGSI (US$590,000)	765,643	757,050
Interest payable to SGSI	47,755	30,060
	813,398	**787,110**

A continuity of the balance is shown below:

	($)
Balance at January 1, 2016	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**
Interest	17,695
Foreign exchange	8,593
Balance at June 30, 2017	**813,398**

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

	($)
January 1, 2016	-
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**
Expiry of conversion option	(69,361)
Balance at June 30, 2017	**-**

(Expressed in Canadian Dollars)

9. Convertible debentures

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") are unsecured, have a term of three years beginning on June 8, 2017, and bear interest of 8% annually, payable in arrears starting one year after the date of issuance. Holders may elect to convert the principal amount of their Debentures into common shares at a price of $0.35 per share until June 8, 2020. Finders will be issued common shares equivalent to $122,100 (738,570 shares) as compensation pursuant to the private placement (note 17).

The Company recorded $1,725,000 as the fair value of the debt component of the debentures, with the residual amount allocated to derivative financial liability. The debt component of the debentures will be accreted to the face value of the loan over the three year term.

The tables below summarizes the long-term convertible debentures and its derivative financial liability:

	June 30, 2017 ($)	**December 31, 2016 ($)**
Convertible debentures	1,609,750	-
Derivative financial liability	310,000	-
	1,919,750	**-**

A continuity of the balance is shown below:

	($)
Balance at January 1, 2017	-
Convertible debentures (long term)	1,602,900
Accretion	6,850
Balance at June 30, 2017	**1,609,750**

A continuity of the derivative financial liability is shown below:

	($)
January 1, 2017	-
Recognition of derivative financial liability	310,000
Balance at June 30, 2017	**310,000**

As at June 30, 2017, $9,813 (2016 - $nil) of interest in connection with the Debentures have been included in accrued liabilities.

10. Share capital

(a) Common shares

Authorized – unlimited common shares without par value.

At June 30, 2017, the Company had 89,765,821 (December 31, 2016 – 76,771,801) common shares issued and outstanding.

On June 20, 2017 the Company closed the first tranche of its non-brokered private placement. Gross proceeds of $1,904,945 were raised from the sale of 12,699,634 units at a price of $0.15 per unit. Each unit consists of one common share and one transferrable warrant to purchase one additional common share of Organto exercisable at a price of $0.25 for a period of 24 months from the closing date. The Company paid a finder's fee of $74,085 and issued finder's warrants for the purchase of up to 487,773 shares exercisable for a period of 24 months from closing at a price of $0.15 per warrant share. The warrants had a fair value of $49,059.

During the six months ended June 30, 2017, the Company issued 294,386 common shares with a value of $72,500 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 closing price of the common shares of the Company.

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. $89,973 was received prior to June 30, 2016 and were included in *Shares to be issued*.

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 closing price of the common shares of the Company.

(b) Shares to be issued

During June 2017, the Company received $40,000 as an advance for a planned third tranche of its non-brokered private placement. The Company recorded an additional $122,100 in connection with compensation shares to be issued to a finder for the private placement of convertible debentures.

(c) 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.

(Expressed in Canadian Dollars)

10. Share capital - *continued*

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

	Number of options	Weighted average exercise price ($)
Balance, January 1, 2016	**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**
Expired	**(175,000)**	**0.20**
Balance, June 30, 2017	**2,245,000**	**0.20**

A summary of the Company's share options at June 30, 2017 is as follows:

	Options outstanding		Options exercisable	
Exercise price ($)	Number of options outstanding	Weighted average remaining contractual life (years)	Number of options exercisable	Weighted average remaining contractual life (years)
0.065	35,000	1.47	35,000	1.47
0.15	35,000	2.36	35,000	2.36
0.20	2,175,000	3.42	2,175,000	3.42
0.065-0.20	**2,245,000**	**3.36**	**2,245,000**	**3.36**

During the three and six months ended at June 30, 2017, 175,000 share options expired.

25,000 share options were granted during the year ended December 31, 2016, whereby 6,250 share options vest 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.

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 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.

(Expressed in Canadian Dollars)

10. Share capital - *continued*

(d) Warrants

On June 20, 2017 the Company closed the first tranche of a non-brokered private placement. Gross proceeds of $1,904,945 were raised from the sale of 12,699,634 units at a price of $0.15 per unit. Each unit consists of one common share and one transferrable warrant to purchase one additional common share of Organto exercisable at a price of $0.25 for a period of 24 months from the closing date. The warrants have a total fair value of $nil as the value of the proceeds have been allocated to share capital.

On June 20, 2017 the Company granted 487,773 warrants to third parties as finders' fees, in connection with private placements of the Company's common shares. The warrants have a total fair value of $49,050.

On April 25, 2017 the Company received additional short-term loans, and in connection with these, 1,000,000 non-transferrable warrants were granted exercisable for a term of one year from the date of the loan agreements, at $0.20 per share. The warrants have a total fair value of $40,500.

On September 1, 2016 and November 1, 2016, the Company granted 145,475 warrants to third parties as finders' fees, in connection with private placements of the Company's common shares. The warrants have a total fair value of $18,352.

On October 24, 2016, the Company granted 300,000 warrants in connection with loans payable with a fair value of $20,200 (note 7) and is determined as the residual value from fair valuing to corresponding debt. These 300,000 warrants were cancelled with issuance of new warrants under the new bridge loans dated April 25, 2017 (note 7).

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
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
April 25, 2017	1,000,000	0.20	April 24, 2018	0.0405	40,500
June 20, 2017	12,699,634	0.25	June 20, 2019	-	-
June 20, 2017	487,173	0.15	June 20, 2019	0.10	49,050
	14,332,282				**107,902**

Unless noted otherwise, 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
April 25, 2017	135%	0.74%	1 year	nil
June 20, 2017	116%	0.91%	1 year	nil

(Expressed in Canadian Dollars)

10. Share capital - *continued*

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

	Number of warrants	Weighted average exercise price ($)
Balance, January 1, 2016		
Granted	445,475	0.30
Balance, December 31, 2016	**445,475**	**0.30**
Granted	14,186,807	0.24
Balance, June 30, 2017	**14,632,282**	**0.24**

(e) Loss per share

	Three months ended		Six months ended	
	June 30, 2017 ($)	**June 30, 2016 ($)**	**June 30, 2017 ($)**	**June 30, 2016 ($)**
Basic and diluted loss per share from continuing operations	(0.01)	(0.01)	(0.02)	(0.02)
Basic and diluted loss per share from discontinued operations	0.00	0.00	0.00	0.00
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.02)
Loss from continuing operations	(1,260,983)	(540,635)	(2,239,543)	(1,187,083)
Income from discontinued operations	-	21,892	-	21,892
Net loss for the period	**(1,260,983)**	**(518,743)**	**(2,239,543)**	**(1,165,191)**

(f) Diluted loss per share

	Three months ended		Six months ended	
	June 30, 2017	**June 30, 2016**	**June 30, 2017**	**June 30, 2016**
Shares outstanding, beginning of period	76,816,187	72,608,931	76,771,801	72,608,931
Private placement	2,651,572	-	771,801	-
Share - based payment	52,196	-	94,239	-
Basic and diluted weighted average number of shares outstanding	**79,519,955**	**72,608,931**	**77,637,841**	**72,608,931**

For the six months ended June 30, 2017 there were 2,245,000 (2016 – 2,420,000) share options and 14,632,282 warrants (2016 – 445,475) that are potentially dilutive but not included in the diluted loss per share calculation as the effect would be anti-dilutive.

(g) Escrow shares

As at June 30, 2017, 37,860,422 (December 31, 2016 - 46,125,005) shares originally issued to Organto Guatemala shareholders remain in escrow.

(Expressed in Canadian Dollars)

11. Cost of sales

	Three months ended		Six months ended	
	June 30, 2017 ($)	June 30, 2016 ($)	June 30, 2017 ($)	June 30, 2016 ($)
Materials and transportation	260,587	58,000	318,345	478,936
Produce	36,584	49,235	144,991	646,733
Salaries and benefits	105,335	22,794	158,499	182,509
Amortization (note 5)	100,835	169,433	189,777	338,089
Plant overhead	120,013	10,551	139,570	35,312
	623,354	**310,013**	**951,182**	**1,681,579**

12. Selling, general and administration expenses

	Three months ended		Six months ended	
	June 30, 2017 ($)	June 30, 2016 ($)	June 30, 2017 ($)	June 30, 2016 ($)
Administrations and office	205,561	109,065	470,597	162,324
Professional fees	105,534	94,505	153,183	183,964
Investor relations	7,573	24,226	27,928	27,388
Director fees	18,000	18,000	36,000	36,000
Travel	55,953	2,710	83,337	2,710
Overhead and operating	133,282	119,128	154,255	222,171
	525,903	**367,634**	**925,300**	**634,557**

13. Related party transactions

The Company has a services agreement with Columbus Gold, whereby Columbus Gold provides management and administration services for a fixed monthly, expiring December 31, 2017, and may be terminated at any time subject to certain conditions. Columbus Gold has certain directors and officers in common with the Company.

(Expressed in Canadian Dollars)

13. Related party transactions - *continued*

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

	Three months ended		Six months ended	
	June 30, 2017 ($)	**June 30, 2016 ($)**	**June 30, 2017 ($)**	**June 30, 2016 ($)**
Management fees paid or accrued to Fresh Organics LLC, a Company owned by Marcus Meurs, the COO of the Company	65,504	77,502	140,281	101,502
Management fees paid or accrued to Peter Gianulis, Executive Vice President, Corporate Development of the Company	47,901	77,502	95,498	113,502
Management fees paid or accrued to MCC Holding B.V. a company owned by Arnoud Maas, CEO of the Company	53,120	-	53,120	-
Management fees paid or accrued to Brandal B.V., a company owned by Rients van der Wal, a director of the Company's subsidiary	88,704	65,484	173,346	133,619
Management fees paid or accrued to Andres Barresi, former COO of the Company	-	42,918	7,293	42,918
Administration fees paid or accrued to Columbus Gold	76,800	30,000	153,000	65,000
Directors fees paid or accrued	18,000	18,000	36,000	36,000
	350,029	**311,406**	**658,538**	**492,541**

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

	June 30, 2017 ($)	**December 31, 2016 ($)**
Due to Omega (note 6)	493,648	500,419
Due to Columbus Gold		
to be settled in cash	6,639	138,683
to be settled in shares of Organto	210,000	-
Loan payable to CrediPresto, a corporation of which Javier Reyes, a director of the Company, is a principal (note 7)	123,837	118,439
Management fees payable to Andres Barresi	98,294	98,294
Management fees and expense reimbursements payable to Peter Gianulis	111,440	240,857
Loan payable to Peter Gianulis (note 7)	-	64,496
Management fees payable and (advances) to Fresh Organics	(86,675)	12,775
Directors fees included in accrued liabilities	84,864	78,000
	1,042,047	**1,251,963**

(Expressed in Canadian Dollars)

14. Segmented information

The Company has one reportable business segment, being the sourcing, processing, packaging and distribution of organic and specialty food products. All sales were made to 5 customer during the six months ended June 30, 2017, and 5 customers during the six months ended June 30, 2016.

Significant customer sales are as follows:

		Three months ended				Six months ended			
Customer	Location of Customer	June 30, 2017 ($)	%	June 30, 2016 ($)	%	June 30, 2017 ($)	%	June 30, 2016 ($)	%
Customer A	Europe	120,706	42%	-	-	156,280	49%	-	-
Customer B	Europe	156,670	55%	-	-	156,670	49%	-	-
Customer C	USA	-	-	271,990	52%	-	-	701,510	37%
Customer D	Europe	-	-	(12,798)	(2%)	-	-	420,256	22%
Customer E	Europe	-	-	101,873	20%	-	-	241,265	13%
Customer F	Europe	-	-	(18,721)	(4%)	-	-	227,991	12%
Customer G	Europe	-	-	109,003	21%	-	-	214,570	10%
Customer H	Europe	-	-	32,131	6%	-	-	79,226	4%
Customer I (others)	Europe	7,502	3%	35,073	7%	7,502	2%	35,073	2%
		284,878	**100%**	**518,551**	**100%**	**320,452**	**100%**	**1,919,891**	**100%**

Information by geographical areas is as follows:

	June 30, 2017 ($)	December 31, 2016 ($)
Current assets		
Canada	1,309,375	55,046
Guatemala	412,680	169,935
Argentina	37,593	57,276
Netherlands	298,686	95,417
	2,058,334	377,674
Non-current assets		
Guatemala	4,568,967	4,725,323
Netherlands	18,719	-
	4,587,686	4,725,323
Total assets		
Canada	1,309,375	55,046
Guatemala	4,981,647	4,895,258
Argentina	37,593	57,276
Netherlands	317,405	95,417
	6,646,020	**5,102,997**

(Expressed in Canadian Dollars)

15. Commitments

At June 30, 2017, the Company has the following commitments:

	Within 1 year ($)	Between 1 and 5 years ($)	After 5 years ($)	Total ($)
Produce purchase	4,331,074	15,152,825	-	19,483,899
Lease payments for land use in Guatemala	141,352	520,099	431,431	1,092,882
Management fees to Arnoud Maas, CEO of the Company (note 13)	315,774	-	-	315,774
Management fees to Fresh Organics LLC (note 13)	253,052	189,962	-	443,014
Management fees to Peter Gianulis (note 13)	189,464	309,229	-	498,693
Services agreement with Columbus Gold (note 13)	153,600	-	-	153,600
	5,384,316	**16,172,115**	**431,431**	**21,987,862**

16. Contingent liabilities

On July 10, 2017, the Company received a notification letter from the Guatemalan Ministry of Labour identifying a labor claim in process brought forth by a former employee of the Company in the amount of approximately $35,000 (Q$192,545). Subsequently, the Company conducted an internal review, and on August 4, 2017, the corresponding claim was settled, with the Company paying approximately $22,000 (Q$115,000) to the former employee of the Company. As at June 30, 2017, $18,500 (Q$101,250) has been accrued and included in accrued liabilities.

17. Subsequent events

On July 12, 2017, the Company issued 738,570 as finders fees in connection with the non-brokered convertible debenture private placement of $2,035,000 (note 9).

On August 3, the Company has closed the second tranche of a non-brokered private placement. Gross proceeds of approximately $324,781 were raised from the sale of 2,165,208 units at a price of $0.15 per unit. Each unit consists of one common share and one transferrable warrant to purchase one additional common share of Organto exercisable at a price of $0.25 for a period of 24 months from the closing date.