



Organto Foods Inc.

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

**Management's Discussion and Analysis
(Unaudited)**

**For the three months Ended
March 31, 2018**

(Stated in Canadian Dollars)

Dated May 30, 2018

TABLE OF CONTENTS

Basis of Presentation	2
Forward-Looking Statements	2
Strategy	3
History and Operations	4
Legal Structure	4
Outstanding Share Data	5
Recent Developments	5
Financial Results	5
Critical Accounting Estimates	5
Changes in Accounting Policies and Standards	6
Review of Financial Results – Current Quarter	7
Selected Quarterly Information	8
Liquidity and Capital Resources	9
Financial instruments	9
Related Party Transactions	11
Commitments	12
Off-Balance Sheet Arrangements	12
Proposed Transactions	12
Risks and Uncertainties	13
Disclosure and Internal Controls	15
Additional information	16
Corporate information	17

BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("MD&A") provides an overview of the business and operations of Organto Foods Inc. for the three months ended March 31, 2018. This report should be read in conjunction with the Company's March 31, 2018 unaudited condensed interim consolidated financial statements and its December 31, 2017 audited annual consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

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

All currency amounts are expressed in Canadian dollars unless noted otherwise. In addition, "this quarter" or "current quarter" refers to the three-month period ended March 31, 2018.

This MD&A is dated May 30, 2018.

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 either our own operations and/or 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.

STRATEGY

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

We believe that the demand for healthy and organic foods will continue to grow for many years and supply availability will be key to this growth being realized. According to the US Organic Trade Association (OTA) sales of organic products grew 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. The OTA estimates that 82% of Americans buy organic food at least some of the time and fresh produce continues to be the primary gateway by which consumers enter the organic foods space. Furthermore, over half of all households in the US have purchased organic produce and the fresh produce segment is the fastest growing within the organic segment, now representing 15% of all the produce that Americans eat, and 36% of total US organic foods spend. And this is not just a US phenomenon. The organic market in Europe continues to grow. In 2015 the market increased by 13% and reached approximately Euro 30 billion and in 2016 it increased another 11.4%, reaching nearly Euro 33.5 billion in turnover. Globally European countries account for the highest share of organic food sales as a percentage of total food sales. 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 efforts to build an efficient year-round organic supply platform for many of our products that underlies our strategic focus and our mission to be a leading vertically integrated provider of organic value-added vegetables, fruits and other products serving a growing socially responsible and health conscious consumer around the globe.

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

Our 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 and fruits with retailers; and
- *Infrastructure* – responsibly building-out the organization to allow the business to scale as required.

We have developed a branded go-to-market strategy under the Organto “I am Organic” brand. We believe our ability to drive a differentiated branded products strategy is based on our assessment of market demand combined with our intention to develop year-round supply capabilities for many of our value-added products. In hand with our branded products focus, we also work with retail partners to provide value-added private label offerings, with the objective of maximizing efficiencies while creating category demand for our brand. Our products are initially being rolled out to specific European customers and will be followed by introduction in the North American market.

As our strategy evolves, we have recently expanded our go-to-market channels beyond organic vegetables to include a variety of branded and private label organic soft fruit, exotic fruit and tropical fruit, and also a variety of organic produce to be sold on a bulk basis. This channel expansion is intended to increase our revenue streams and our presence in key markets, while at the same time significantly deepening our relationships with strategic third-party supply partners.

HISTORY AND OPERATIONS

In March 2014 Agricola Nuova Terra S.A. (“Agricola”), a privately-owned business, commenced operations to build out a global year-round 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”).

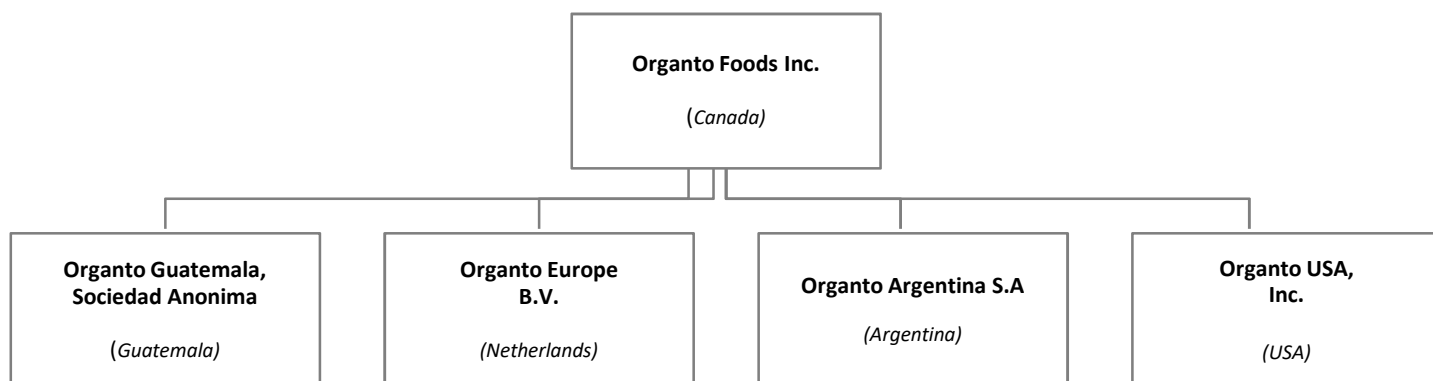
The name change to Organto Foods Inc. was completed to better reflect our focus on growing, processing, packaging, distribution and branding of organic foods along with our commitment to sustainable and socially conscious business practices. Currently we have processing operations in Guatemala and contract growing relationships with a number of third-party strategic supply partners in South America and Africa. We are working to further diversify our revenue streams and supply base via strategic third-party relationships as our platform is built out.

Our head office is located at 1090 Hamilton Street, Vancouver, British Columbia, Canada and we also have offices in Miami, Florida, Argentina and in the Netherlands.

We own a processing and packing operation in Guatemala and have packaging equipment in the Netherlands for the repack of bulk product into consumer ready packaging. While we have operated our own growing operations in the past in both Guatemala and Argentina, our focus is on working with strategic third-party growers and service providers in order to grow our business and drive an asset light business model.

LEGAL STRUCTURE

We have wholly owned subsidiaries operating in the jurisdictions listed below.



OUTSTANDING SHARE DATA

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

We have authorized capital of an unlimited number of common shares without par value. We have the following capital structure as at the date of this MD&A and March 31, 2018:

	May 30, 2018	March 31, 2018
Common shares issued and outstanding	112,263,903	112,263,903
Share purchase options outstanding (\$0.065-\$0.20)	9,415,000	9,415,000
Warrants (\$0.15-\$0.30)	36,090,378	37,155,073

See “Liquidity and Capital Resources” for further information.

RECENT DEVELOPMENTS

From February through April 2018, we completed bridge financings whereby certain significant insider shareholders sold part of their shareholdings in private transactions and invested a portion of the proceeds as bridge loans to Organto. We received proceeds of approximately \$820,000 from these bridge loans with related parties. The bridge loans are unsecured and have a term of one year, with interest rates ranging from 0% to 8%, payable at the end of the one-year term.

On April 9, 2018 we announced that Mr. Arnoud Maas, Chief Executive Officer (“CEO”) had advised that he would not be renewing his Management Services Agreement and thus would be leaving Organto as both CEO and Director. Steve Bromley, Chair of the Board of Directors has assumed the role of Interim CEO. With the departure of Mr. Maas, we announced the appointment of Mr. Riens van der Wal to the position of Chief Executive Officer, Organto Europe BV, reporting to Steve Bromley. Mr. van der Wal brings extensive fresh fruits and vegetables experience to Organto, having strong industry contacts at both customer and supply chain levels. Mr. van der Wal is based in the Netherlands and will lead Organto’s vertically integrated value-added branded fresh vegetables business which operates from Amsterdam.

In hand with Mr. van der Wal’s appointment, we also announced our intention to expand our branded value-added organic vegetables product offering and supply capabilities via the addition of expanded supply relationships focused on organic soft, tropical and exotic fresh fruits, deepening supply relationships with strategic growers in key supply markets, expanding market presence and developing opportunities for new value-added Organto “I am Organic” branded product offerings.

FINANCIAL RESULTS

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

Critical Accounting Estimates

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

Estimates and assumptions where there is risk of material adjustments to assets and liabilities in future accounting periods include estimates of useful lives of depreciated and amortized assets, the valuation of inventory which includes estimates with regards to the allocation of overhead and determining the net realizable value, assumptions used in determination of the fair value of share-

based payments, the recoverability and measurement of deferred tax assets, and the allocation of the purchase price associated with the acquisition of a business.

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

Changes in Accounting Policies and Standards

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

(a) IFRS 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 became effective January 1, 2018 and did not have a significant impact on our financial statements.

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

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’ and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 became effective January 1, 2018 and did not have a significant impact on our financial statements.

(c) IFRS 16 – *Leases* (“IFRS 16”)

IFRS 16 replaces IAS 17 “Leases” and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. We have not yet assessed the future impact of this new standard on our financial statements.

(d) Other

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

Financial Performance

	Three months ended		Change
	March 31, 2018 (\$)	March 31, 2017 (\$)	
Revenues	13,395	35,574	(62%)
Gross loss	(252,088)	(157,230)	60%
Net loss for the period	(1,442,603)	(978,560)	(47%)
Cash used in operating activities	(809,761)	(1,781,643)	55%
Loss per share	(0.01)	(0.01)	

Review of Financial Results – Current Quarter

While we have made progress on each of our key strategic pillars, our financial results for the first quarter of 2018 have not met expectations, due primarily to challenges in our supply chain which in turn have limited our commercial traction, combined with costs that were incurred to build-out organizational capabilities to meet anticipated business demand. We remain confident in our year-round branded product proposition as retailers have shown interest and willingness to list the brand, but supply challenges have limited our ability to service these accounts. As we have exited our own growing operations, strategic third-party suppliers have struggled in their first year of supply to consistently produce volumes required at acceptable quality levels. We are addressing these supply challenges by further diversifying our grower base and growing regions aligned to key success elements including the availability of low-cost labor, existing infrastructure, logistics economics and routes to designated markets, as well as expanding and deepening grower relationships through the expansion of products handled. We are also reducing overheads throughout the organization, shifting from a fixed cost base structure to a combination of fixed and variable resources, intended to reduce the overhead burden as our business grows. Looking forward we believe that revenue and margins will ramp-up over the back half of 2018 and beyond, benefitting from improved supply dynamics and expansion into new product categories.

We incurred a net loss of \$1,442,603 during the current quarter, compared to \$978,560 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 March 31, 2018 were \$13,395 as compared to \$35,574 during the same period in the prior year. Revenues in the first quarter of 2018 were impacted by a supply/demand imbalance as third-party growers struggled to produce acceptable quantities and quality to meet retail demand, thus impacting our ability to meet customer requirements. Revenues in the first quarter of 2017 of \$35,574 reflected the start of sales of organic products in Europe supplied from our own growing operations.

For the three months ended March 31, 2018 we incurred a gross loss of \$252,088 as compared to a gross loss of \$157,230 during the same period in the prior year. While the gross loss was significantly improved versus the fourth quarter of 2017, the increased gross loss versus the same quarter in the previous year was due to costs of raw materials and freight expenses related to poor quality supply, uneconomical quantities and product losses offset by reduced costs of running the Guatemalan processing operation and reduced amortization costs related to the write-down of assets in 2017.

Selling, general and administration expenses increased to \$430,471 this quarter from \$399,397 in the same quarter of the prior year. While costs decreased versus the fourth quarter of 2017, the first quarter of 2018 saw increases versus the same quarter in 2017 due to increased European administration costs due to incremental marketing costs and professional fees, increased travel and increased general office expenses. These increases were partially offset reduced administration costs in Guatemala and Argentina and a reduction in directors' fees which have been suspended until overall operations can better support the payment of these fees.

Management fees in the current quarter decreased to \$209,906 as compared to \$260,052 in the prior year, and also decreased versus the fourth quarter of 2017. The decrease versus the prior year was attributable primarily to certain officers and advisors agreeing to waive their fees for services until such time as the Company's operations can better support the payment of such fees.

Salaries and benefits during the quarter increased to \$367,364 as compared to \$109,425 in the prior year but decreased significantly versus the fourth quarter of 2017. The increase was driven for the most part by the build-out of the Amsterdam office including sales and marketing personnel as well as additional resources as the finance and administration function was built to facilitate the

transition to a stand-alone platform. Over the course of the first quarter many of these costs were reduced to better align with the current status of our business.

We recognized \$3,636 for stock-based compensation in the first quarter of 2018. No stock-based compensation was recognized in the first quarter of 2017. Stock based compensation is calculated using the Black-Scholes option pricing model which requires the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore does not necessarily provide a reliable single measure of the fair value of the Company's stock options granted and/or vested during the period. Stock based compensation in 2018 was based on a fair value of \$0.09 per share for the 7,470,000 options granted in 2017, 18,750 of which vested in the first quarter of 2018.

We have a convertible loan payable, convertible debentures, and certain accounts payable, which incur interest at various rates. Total interest expense and accretion recognized during the current quarter relating to these liabilities is \$160,370 as compared to \$87,572 during the prior year comparative period. The increase over the first quarter of 2017 is primarily attributable to the interest on the convertible debentures which were only issued in the second quarter of 2017.

We realized other income of \$23,474 as compared to a loss of \$54,453 in first quarter of the prior year. The income in the first quarter of 2018 consists of gains on debt settlement agreements while the loss in the first quarter of the prior year consisted of losses from the disposal of certain equipment, partially offset by gains on debt settlement agreements.

Foreign exchange gains and losses arise from transactions incurred in currencies other than the functional currency of the Company and its subsidiaries. We realized a foreign exchange loss of \$55,370 this quarter as compared to a gain of \$20,208 during the prior year comparative period.

We recorded a loss of \$13,128 based on the revaluation of the derivative financial liability of our convertible loan payable, versus a gain of \$69,361 in the same period in the prior year.

We carry out regular, periodic reviews of the carrying value of our property, plant and equipment based on assumptions that we believe reflects the most probable set of economic conditions and planned courses of action in the near future. In the fourth quarter of 2017, we determined that the carrying amount of certain fixed assets which were initially recorded based upon an independent third-party valuation exceeded their recoverable amounts, and as a result we recognized a non-cash impairment loss of \$2,649,760 in that quarter. We believe that no further adjustments are required to the carrying value of the property, plant and equipment on our balance sheet.

During the first quarters of both 2018 and 2017 we realized a basic and diluted loss per share of \$0.01 per share.

Selected Quarterly Information

	Q1 2018 (\$)	Q4 2017 (\$)	Q3 2017 (\$)	Q2 2017 (\$)	Q1 2017 (\$)	Q4 2016 (\$)	Q3 2016 (\$)	Q2 2016 (\$)
Revenues	13,395	136,459	135,623	284,878	35,574	25,969	209,350	518,551
Loss from continuing operations attributable to shareholders of the Company	(1,442,603)	(5,733,701)	(1,468,605)	(1,260,983)	(978,560)	(2,224,652)	(1,065,311)	(540,635)
Income from discontinued operations attributable to shareholders of the Company	-	-	-	-	-	-	-	21,892
Net loss for the period attributable to shareholders of the Company	(1,442,603)	(5,659,635)	(1,468,601)	(1,300,937)	(870,271)	(2,091,813)	(1,047,678)	(515,379)
Basic and diluted loss per share from continuing operations	(0.01)	(0.05)	(0.01)	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)
Basic and diluted earnings loss per share from discontinued operations	-	-	-	-	-	-	-	0.00
Basic and diluted loss per share for the period	(0.01)	(0.05)	(0.01)	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)

	Mar 31, 2018 (\$)	Dec 31, 2017 (\$)	Sep 30, 2017 (\$)	Jun 30, 2017 (\$)	Mar 31, 2017 (\$)	Dec 31, 2016 (\$)	Sep 30, 2016 (\$)	Jun 30, 2016 (\$)
Cash	28,567	172,025	2,257,086	1,142,413	201,663	26,230	129,077	76,861
Total assets	2,766,969	3,156,867	7,693,330	6,646,020	5,428,130	5,102,997	6,296,781	6,293,876
Total non-current financial liabilities	1,612,806	1,572,230	1,970,554	1,919,750	-	-	-	-

Liquidity and Capital Resources

At March 31, 2018, we had cash of \$28,567 and a working capital deficiency of \$4,333,635 compared to \$172,025 and \$2,842,417, respectively, at December 31, 2017.

During the first quarter of 2018, we received \$694,707 as the proceeds from bridge loans with related parties. Additional bridge loans of approximately \$126,000 were received in April 2018. The bridge loans are unsecured and have a term of one year, with interest rates ranging from 0% to 8%, payable at the end of the one-year term.

Cash used in operating activities for the first quarter of 2018 was \$809,761 compared to \$643,258 for the first quarter of the prior year. Cash used in operations consists of cash used to fund the loss for the period and the impact of non-cash items and changes in non-cash working capital.

We invested \$nil in property, plant and equipment for the first quarter of 2018 compared to \$13,387 for the first quarter of the prior year.

In the first quarter of 2018 we raised \$694,707 through bridge loans provided by certain insiders and shareholders and made payments of \$28,456 towards our convertible loan payable. Financing activities in the first quarter of the previous year consisted of issuing convertible debentures for gross proceeds of \$2,035,000 and repaying \$64,496 of loans due to an officer.

At March 31, 2018, we had current liabilities of \$5,157,022 (December 2017 - \$4,148,815) and non-current liabilities of \$1,5612,806 (December 2017 - \$1,572,230).

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

Financial Instruments

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

Financial instrument	Basis of measurement	Associated risks	Fair value at March 31, 2018 (\$)
Cash	Fair value through profit or loss	Credit, currency and concentration	28,567
Receivables	Amortized cost	Credit, currency and concentration	221,413
Accounts payable	Amortized cost	Currency	(2,706,655)
Loan due to Omega S.A.	Amortized cost	Currency	(407,636)
Loans payable	Amortized cost	n/a	(694,707)
Convertible loan payable	Amortized cost	Currency	(653,402)
Embedded derivative financial liability	Fair value through profit or loss	Exchange	(4,821)
Due to Columbus Gold	Amortized cost	n/a	(281,639)
Convertible debentures and accrued interest	Amortized cost	n/a	(1,744,830)
			6,243,710

The fair value of our financial instruments including cash, receivables, accounts payable, loan due to Omega, convertible loan 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).

We recognized a gain of \$13,128 for the three months ended March 31, 2018 versus a gain of \$69,361 for the three months ended March 31, 2017 in connection with our *Embedded derivative financial liability*, from the revaluation of the conversion option.

We incurred aggregate interest expense of \$80,273 in connection with amounts due to Omega, short-term and convertible loans payable, and convertible debentures during the three months ended March 31, 2018, compared to \$87,572 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 December 31, 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, Europe, Guatemala and Argentina. The risk is assessed as low.

The credit risk exposure on receivables is limited to their carrying amounts at the date of the statement of financial position. Trade receivables are mainly from three customers in Europe. The risk is assessed as high due to the limited number of customers. Other receivables are primarily comprised of 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 balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at March 31, 2018, we had a working capital deficiency of \$4,333,635 (December 31, 2017 – \$2,842,417). Liquidity risk is assessed as high.

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

(c) Market risks – interest rate

We do not have debt that is subject to interest rate risks, as 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, Argentine Peso and Guatemalan Quetzal are converted into Canadian Dollars, changes in exchange rates between these currencies may have an effect on our profit or loss and equity. A +/- 10% change in the exchange rate between those currencies and the Canadian Dollar can affect net income by approximately \$55,518.

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 May 31, 2018. Currently, one of the Company's directors is a director of Columbus Gold. In the past, Columbus Gold had additional directors and officers in common with the Company.

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

	three months ended	
	March 31, 2018 (\$)	March 31, 2017 (\$)
Management fees paid or accrued to:		
Fresh Organics LLC, a company owned by Marcus Meurs, the president and COO	61,654	74,777
Peter Gianulis, Executive Vice President, Corporate Development	45,529	47,597
MCC Holding B.V, a company owned by Arnoud Maas, former CEO	94,853	-
Bromley Consulting & Advisory Inc. a company owned by Steve Bromley, Chair of the Board of Directors	-	30,000
Alejandro Bottini, country manager Argentina	7,870	15,743
Andres Barresi, former COO	-	7,293
Brandal B.V., a Company owned by Rients van der Wal, CEO of the Company's European subsidiary	-	84,642
Administration fees paid or accrued to Columbus Gold	30,000	76,200
	239,906	336,252

The following summarizes balances due to (from) each related party:

	March 31, 2018 (\$)	December 31, 2017 (\$)
Due to Columbus Gold:		
to be settled in cash	1,639	139
to be settled in shares of Organto	280,000	250,000
Management fees and expense reimbursements payable to Peter Gianulis	127,979	75,596
Management fees payable to Andres Barresi	101,464	98,762
Directors fees included in accrued liabilities	52,000	48,864
Loans payable to:		
Omega	407,636	372,148
Multitulli Sustainable Merchants, LLC, a company associated with Marcus Meurs	68,542	-
Stuyvesant et Compagnie, Inc., a company associated with Marcus Meurs	236,403	-
Naetturland, Inc., a company associated with Marcus Meurs	266,431	-
Steve Bromley	50,000	-
Robert Giustra, Director	23,331	-
Jeff Klenda, Director	11,500	-
Claudio Schreier, Director	38,500	-
Advances receivable from Fresh Organics	(19,082)	(96,998)
	1,646,343	748,511

Commitments

At March 31, 2018, we have the following commitments:

	Within 1 year (\$)	Between 1 and 5 years (\$)	After 5 years (\$)	Total (\$)
Lease payments for land use in Guatemala	23,370	36,847	58,680	118,847
Management fees to Peter Gianulis	32,235	-	-	32,235
Management fees to Fresh Organics LLC	188,252	167,869	-	356,121
Loan payable to Omega S.A.	407,636	-	-	407,636
	651,493	204,716	56,680	914,889

OFF-BALANCE SHEET ARRANGEMENTS

During the three months ended March 31, 2018 and up to the date of this report, the Company had no off-balance sheet transactions.

PROPOSED TRANSACTIONS

At present there are no transactions being contemplated by management or the board that would affect the financial condition, results of operations and cash flows of any asset of the Company.

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 \$4.6 million in revenues and operating losses of approximately \$16.7 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, 2017, 2016 and 2015 with respect to our ability to continue as a going concern. As discussed in Note 1 to our financial statements for the current quarter, we have generated operating losses since inception, cash resources are currently insufficient to meet planned business objectives, and thus additional financing will be required to realize the carrying value of our assets and continue operations, which together raises doubt about our ability to continue as a going concern.

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

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

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

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

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

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

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

We must attract and retain key personnel 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.

During the year ending December 31, 2017, we worked to enhance our disclosure controls and procedures through the implementation of the *Internal Control – Integrated Framework (2013 Framework)* control framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission, and the *Control Objectives for Information and Related Technology 5.0* framework Issued by the Information Systems Audit and Control Association for the management and governance of information technology.

The Company's system of internal controls was impacted by two main factors in 2017: the relocation of its head office from Vancouver to Amsterdam and an unusually large rate of turnover of key personnel. In addition to internal reviews, the Company engaged an internal controls specialist to provide an independent review of its internal control system. One such internal review discovered a weakness which was confirmed by the review carried out by the independent internal controls specialist.

As part of the head office relocation, the Amsterdam office was expected to adopt the system of internal controls used by the Vancouver office, subject to any adjustments required to comply with local laws and regulations. However, the Amsterdam office did not implement the Vancouver system and instead implemented their own. While other controls already in place ensured that the quality and accuracy of financial reporting was not at risk, one control adopted by the Amsterdam office was not consistent with those implemented in the Vancouver office.

As a result, controls around the initiation and processing of payments by the Amsterdam office was deemed ineffective. Authorization levels established at the Company's bank in the Netherlands allowed payments to be made by only one employee, rather than the accepted North American model of two employees required. While there were several instances of payments being made with only one employee involved, all of the payments made by only one person were found to be legitimate. It was determined that the bank account was set up this way due to a difference in corporate culture rather than to allow malicious activity. Existing controls confirmed the legitimacy of the payments made and no adjustments to company transactions were required. During the first and second quarters of 2018, the Company has updated its procedures in the Amsterdam office to ensure that authorization by two employees is necessary to make payments.

Management has addressed the weakness discovered in the review of its internal controls and procedures and believes they are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely and accurate manner.

The Company intends to utilize independent internal controls specialists in the future to make sure that its systems are operating as efficiently and effectively as possible.

ADDITIONAL INFORMATION

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

CORPORATE INFORMATION

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



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

Condensed Interim Consolidated Financial Statements
(Unaudited)

For the Three Months Ended
March 31, 2018

(Stated in Canadian Dollars)

NOTICE OF NO REVIEW BY AUDITOR

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* of The Canadian Securities Administrators we hereby give notice that our condensed interim consolidated financial statements for the three months ended March 31, 2018, 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)



	March 31, 2018 (\$)	December 31, 2017 (\$)
Assets		
Current assets		
Cash	28,567	172,025
Receivables (note 3)	221,413	442,257
Inventories (note 4)	154,974	157,541
Prepaid expenses (note 5)	418,433	442,693
	823,387	1,214,516
Non-current assets		
Property, plant and equipment (note 6)	1,934,204	1,932,836
Other non-current assets	9,378	9,515
	2,766,969	3,156,867
Liabilities and equity (deficit)		
Current liabilities		
Accounts payable	2,706,655	2,550,036
Accrued liabilities	276,138	241,512
Loan due to Omega S.A. (note 7)	407,636	372,148
Loans payable (note 8)	694,707	-
Convertible loan payable (note 9)	653,402	625,021
Embedded derivative financial liability (note 9)	4,821	18,077
Due to Columbus Gold Corp. (note 14)	281,639	250,139
Accrued interest on convertible debenture (note 10)	132,024	91,882
	5,157,022	4,148,815
Non-current liabilities		
Convertible debenture (note 10)	1,612,806	1,572,230
Total liabilities	6,769,828	5,721,045
Equity (deficit)		
Share capital (note 11)	10,953,208	10,953,208
Reserves (note 11f)	2,164,192	2,160,270
Deficit	(17,120,259)	(15,677,656)
Total deficit	(4,002,859)	(2,564,178)
	2,766,969	3,156,867

Nature of operations and going concern (note 1)

Commitments (note 16)

Subsequent events (note 17)

Approved by the Board of Directors*"Steve Bromley"*

Steve Bromley – Director

"Jeff Klenda"

Jeff Klenda – Director

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

Organto Foods Inc.

Condensed Interim Consolidated Statements of Loss (Unaudited)

(Expressed in Canadian Dollars)



	Three months ended	
	March 31, 2018 (\$)	March 31, 2017 (\$)
Sales (note 15)	13,395	35,574
Cost of sales (note 12)	(265,483)	(192,804)
Gross loss	(252,088)	(157,230)
Selling, general and administration expenses (note 13)	430,471	399,397
Management fees (note 14)	209,906	260,052
Salaries and benefits	367,364	109,425
Stock-based compensation	3,636	-
	(1,263,465)	(926,104)
Interest expense and accretion	(160,370)	(87,572)
Other income (loss)	23,474	(54,453)
Foreign exchange (loss) gain	(55,370)	20,208
Gain on derivative financial liability (note 9)	13,128	69,361
Net loss for the period	(1,442,603)	(978,560)
Net loss attributable to:		
Shareholders of Organto Foods Inc.	(1,442,603)	(870,271)
Non-controlling interests	-	(108,289)
	(1,442,603)	(978,560)
Loss per share (note 11d)		
Basic and diluted	(0.01)	(0.01)

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

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

	Three months ended	
	March 31, 2018 (\$)	March 31, 2017 (\$)
Net loss for the period	(1,442,603)	(978,560)
Other comprehensive income (loss) for the period:		
Item(s) that may subsequently be re-classified to net income or loss:		
Foreign currency translation	286	10,726
Comprehensive loss for the period	(1,442,317)	(967,834)
Comprehensive loss attributable to:		
Shareholders of Organto Foods Inc.	(1,442,317)	(857,603)
Non-controlling interests	-	(110,231)
	(1,442,317)	(967,834)

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

Organto Foods Inc.

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

(Expressed in Canadian Dollars)



	Three months ended	
	March 31, 2018 (\$)	March 31, 2017 (\$)
Operating activities		
Net loss for the period	(1,442,603)	(978,560)
Items not involving cash		
Amortization	55,171	88,942
Impairment of plant and equipment	-	10,000
Accrued interest expense and accretion	151,044	87,572
Foreign currency transaction loss (gain)	30,236	(18,700)
Gain on embedded derivative financial liability	(13,128)	(69,361)
Stock-based compensation	3,636	-
Cash used in operating activities before changes in non-cash working capital	(1,215,644)	(880,107)
Receivables	220,844	(125,979)
Inventories	2,567	(128,393)
Prepaid expenses	24,397	(151,827)
Accounts payable	123,449	(464,329)
Accrued liabilities	34,626	(31,008)
Cash used in operating activities	(809,761)	(1,781,643)
Investing activities		
Property, plant and equipment	-	(13,387)
Cash used in investing activities	-	(13,387)
Financing activities		
Proceeds from debentures issued	-	2,035,000
Proceeds from (repayments of) loans payable	694,707	(64,496)
Repayment of convertible loan payable	(28,456)	-
Cash from financing activities	666,251	1,970,504
Effect of foreign exchange on cash	52	(41)
Increase (decrease) in cash	(143,458)	175,433
Cash, beginning of period	172,025	26,230
Cash, end of period	28,567	201,663

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

Organto Foods Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Deficit) (Unaudited)

(Expressed in Canadian Dollars)

	Number of shares	Share capital (\$)	Reserves (\$)	Deficit (\$)	Non- controlling interests (\$)	Total (\$)
Balance at January 1, 2017	76,771,801	6,000,631	1,126,939	(6,328,684)	(146,466)	652,420
Share-based payments	44,386	10,000	-	-	-	10,000
Comprehensive loss for the period	-	-	12,668	(870,271)	(110,231)	(967,834)
Balance at March 31, 2017	76,816,187	6,010,631	1,139,607	(7,198,955)	(256,697)	(305,414)
Balance at January 1, 2018	112,263,903	10,953,208	2,160,270	(15,677,656)	-	(2,564,178)
Stock-based compensation	-	-	3,636	-	-	3,636
Comprehensive loss for the period	-	-	286	(1,442,603)	-	(1,442,317)
Balance at March 31, 2018	112,263,903	10,953,208	2,164,192	(17,120,259)	-	(4,002,859)

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

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

Upon completion of the RTO, Columbus Exploration changed its name to Organto Foods Inc. ("Organto"), and Agricola became a wholly-owned subsidiary of Organto. On March 21, 2016, Agricola changed its name to Organto Guatemala, Sociedad Anonima ("Organto Guatemala"). For the purposes of these consolidated financial statements, the "Company" is defined as the consolidated entity.

The Company's common shares are listed for trading on the TSX Venture Exchange ("TSXV") and are traded under the stock symbol "OGO". The Company'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 and fruit products. The Company has processing operations in Guatemala, with office locations in Vancouver, British Columbia, Miami, Florida, Buenos Aires, Argentina and Amsterdam in the Netherlands.

These consolidated financial statements have been prepared on a going concern basis which implies that the Company will continue realizing its assets and discharging its liabilities in the normal course of business for the foreseeable future. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values of assets and liabilities may be required. The operations of the Company were primarily funded by the issue of share capital, short-term loans and convertible loans. At March 31, 2018, the Company had a working capital deficiency of \$4,333,635 (December 31, 2017 - \$2,842,417) and an accumulated deficit of \$17,120,259 (December 31, 2017 - \$15,677,656). 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 consolidated financial statements have been prepared in accordance with International Accounting Standard 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, 2017. Certain amounts in the prior period have been reclassified to conform to the presentation in the current period.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on May 30, 2018.

Organto Foods Inc.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Three Months Ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

3. Receivables

	March 31, 2018 (\$)	December 31, 2017 (\$)
Trade receivables	35,133	103,909
Fresh Organics (note 14)	19,082	96,998
VAT recoverable	165,240	237,001
Other	1,958	4,349
	221,413	442,257

4. Inventories

	March 31, 2018 (\$)	December 31, 2017 (\$)
Packing material	129,021	121,295
Agricultural inputs	23,970	31,069
Finished goods	1,983	5,177
	154,974	157,541

5. Prepaid expenses

	March 31, 2018 (\$)	December 31, 2017 (\$)
Advances to third-party producers	366,826	358,507
Prepaid insurance	20,625	27,500
Other advances and retainers	30,982	56,686
	418,433	442,693

6. Property, plant and equipment

	Buildings (\$)	Machinery & equipment (\$)	Furniture and other (\$)	Land (\$)	Construction in progress (\$)	Total (\$)
Cost						
At January 1, 2017	2,143,948	2,881,939	117,499	110,382	116,088	5,369,856
Additions	58,375	290,362	26,388	-	(58,375)	316,750
Impairment	(1,211,260)	(1,764,918)	(389)	-	(3,765)	(2,980,332)
Foreign exchange	(13,345)	(14,254)	(1,959)	(1,460)	(1,599)	(32,617)
At December 31, 2017	977,718	1,393,129	141,539	108,922	52,349	2,673,657
Foreign exchange	25,471	28,636	15,328	4,377	4,443	78,255
At March 31, 2018	1,003,189	1,421,765	156,867	113,299	56,792	2,751,912
Accumulated amortization						
At January 1, 2017	(194,571)	(449,796)	(12,658)	-	-	(657,025)
Amortization for the year	(108,514)	(298,019)	(20,776)	-	-	(427,309)
Impairment	1,374	329,125	73	-	-	330,572
Foreign exchange	1,222	11,298	421	-	-	12,941
At December 31, 2017	(300,489)	(407,392)	(32,940)	-	-	(740,821)
Amortization for the period	(12,286)	(38,314)	(4,571)	-	-	(55,171)
Foreign exchange	(8,082)	(2,596)	(11,038)	-	-	(21,716)
At March 31, 2018	(320,857)	(448,302)	(48,549)	-	-	(817,708)
Net book value						
At December 31, 2017	677,229	985,737	108,599	108,922	52,349	1,932,836
At March 31, 2018	682,332	973,463	108,318	113,299	56,792	1,934,204

The Company's buildings are situated on land owned by a third party, which is subject to a lease agreement (note 16).

7. Loan due to Omega S.A.

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

On July 27, 2017, the Company reached a settlement agreement with Omega, to settle all amounts owing to Omega and \$262,492 (US\$202,328) owing to a 3rd party, on the following payment terms:

- \$109,341 (US\$87,500) on July 28, 2017 (paid);
- \$34,648 (US\$27,500) per month, from August 2017 to October 2018 (2017 amounts paid); and
- \$28,953 (US\$23,248) on November 15, 2018.

In the event the Company fails to make scheduled payments, the amounts outstanding are immediately due and payable together with 24% interest until the amounts are paid in full. The Company has not paid amounts due in 2018 and thus has accrued interest per the terms of the settlement agreement.

7. Loan due to Omega S.A.- continued

A continuity of the balances is shown below:

	(\$)
Balance at January 1, 2017	500,419
Other 3 rd party liability included in settlement agreement	168,169
Payments	(319,972)
Loss on settlement	17,573
Foreign exchange	5,959
Balance at December 31, 2017	372,148
Accrued interest	23,074
Foreign exchange	12,414
Balance at March 31, 2018	407,636

8. Loans payable

In February 2018 and March 2018 the Company received \$694,707 in bridge loans from insiders and certain shareholders. The bridge loans are unsecured and have a term of one year. Interest rates range from 0% to 8% with interest payable at the end of the one-year term.

9. Convertible loan payable

On March 30, 2016, the Company received \$784,641 (US\$590,000) by issuing a secured convertible promissory note to SG Strategic Income Limited ("SGSI"). The note was restructured in July 2017 with a new maturity date of June 30, 2018 and is secured by a first charge on certain of the Company's assets in Guatemala and bears interest at 5% annually. The note and any interest accrued to date thereon are convertible into common shares of the Company at a price of \$0.33 per share at SGSI's election or automatically if the Company completes a financing of at least \$5 million.

As a result of the restructuring, the Company recognized a gain of \$18,416 in 2017. The restructured loan has been recognized at fair value of \$684,986 (US\$505,975), and the conversion option recognized at a fair value of \$56,129 (US\$44,196), which has been classified as an embedded derivative financial liability. The embedded derivative financial 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 is being accreted to the face value of the loan over the one year term using the effective interest rate method.

A continuity of the balance is shown below:

	(\$)
Balance at January 1, 2017	787,110
Deemed settlement of promissory note	(787,110)
Convertible promissory note restructured at fair value	684,986
Payments	(37,232)
Accretion and interest expense	27,339
Foreign exchange	(50,072)
Balance at December 31, 2017	625,021
Payments	(28,456)
Accretion and interest expense	39,521
Foreign exchange	17,316
Balance at March 31, 2018	653,402

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the Three Months Ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

9. Convertible loan payable- continued

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

	(\$)
Balance at January 1, 2017	69,361
Expiry of conversion option of original promissory note	(69,361)
Recognition of embedded derivative financial liability on restructuring of promissory note	56,129
Gain on embedded derivative financial liability on restructuring of promissory note	(18,416)
Foreign exchange	(19,636)
Balance at December 31, 2017	18,077
Gain on revaluation of embedded derivative financial liability	(13,128)
Foreign exchange	(128)
Balance at March 31, 2018	4,821

10. Convertible debentures

In June 2017 the Company issued convertible debentures (“the Debentures”) for gross proceeds of \$2,035,000. The Debentures are unsecured, have a term of three years beginning on June 8, 2017, and bear interest at 8%, payable annually in arrears. 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. The Company issued common shares equivalent to \$122,100 (738,570 shares) as compensation pursuant to the placement of these debentures.

The Company initially recorded \$1,592,000 as the fair value of the debt component of the debentures, with the residual amount of \$443,000 (\$416,420 net of issue costs) allocated to the equity component of the debentures. The debt component of the debentures is being accreted to the face value of the loan over the three year term.

A continuity of the balance is shown below:

	(\$)
Balance at January 1, 2017	-
Convertible debenture proceeds	1,592,000
Issuance costs	(95,520)
Interest expense	91,882
Accretion	75,750
Balance at December 31, 2017	1,664,112
Interest expense	40,142
Accretion	40,576
Balance at March 31, 2018	1,744,830

The short and long-term portion of the convertible debenture balance at March 31, 2018 are as follows:

	March 31, 2018 (\$)	December 31, 2017 (\$)
Accrued Interest on convertible debenture	132,024	91,882
Convertible debenture	1,612,806	1,572,230
	1,744,830	1,664,112

11. Share capital

(a) Common shares

Authorized – unlimited common shares without par value.

At March 31, 2018 and December 31, 2017, the Company had 112,263,903 common shares issued and outstanding.

(b) Share options

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

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

	Number of options	Weighted average exercise price (\$)
Balance, January 1, 2017	2,420,000	0.20
Granted	7,470,000	0.18
Expired	(175,000)	0.20
Balance at December 31, 2017	9,715,000	0.18
Expired	(300,000)	0.18
Balance at March 31, 2018	9,415,000	0.18

A summary of the Company's share options outstanding and exercisable at March 31, 2018 is as follows:

Exercise price (\$)	Number of options outstanding	Expiry date	Number of options exercisable
0.18	6,970,000	October 10, 2022	4,470,000
0.20	2,175,000	October 10, 2022	2,175,000
0.13	200,000	November 28, 2022	40,000
0.15	35,000	November 07, 2019	35,000
0.065	35,000	December 19, 2018	35,000
0.065-0.20	9,415,000		6,755,000

The Company recognizes stock based compensation over the vesting period of the underlying options using the Black-Scholes option pricing method for those options with set vesting dates and the Binomial Method for those options which vest based on market conditions. Option pricing methods require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted and/or vested during the period.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the Three Months Ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

11. Share capital - continued

(c) Warrants

Warrants are exercisable as follows:

Grant date	Number of warrants	Exercise price (\$)	Expiration date	Fair value per warrant (\$)	Total fair value (\$)
November 1, 2016	64,695	0.30	May 2, 2018 **	0.10	6,693
April 25, 2017	1,000,000	0.20	April 25, 2018 **	0.04	40,500
June 20, 2017	12,699,634	0.25	June 20, 2019 *	-	-
June 20, 2017	457,869	0.15	June 20, 2019	0.10	49,059
August 3, 2017	2,165,208	0.25	August 3, 2019 *	-	-
August 3, 2017	8,000	0.15	August 3, 2019	0.08	629
September 8, 2017	13,500,000	0.25	September 8, 2019 *	-	-
September 11, 2017	6,065,000	0.25	September 11, 2019 *	-	-
September 11, 2017	1,194,667	0.15	September 11, 2019	0.08	106,731
	37,155,073				203,612

* In the event the Company's common shares trade on the TSXV at a price of \$0.35 or more for a period of 10 consecutive trading days then the Company will have the right to accelerate the expiry date of the warrants to the earlier of (i) the 30th day after the date on which such notice is given; and (ii) the actual expiry date of the warrants.

** Expired subsequently without exercise.

60,530 warrants expired during the period ended March 31, 2018.

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

	Number of warrants	Weighted average exercise price (\$)
Balance at January 1, 2017	445,475	0.30
Exercised	(29,304)	0.15
Cancelled	(300,000)	-
Granted	37,119,682	0.24
Expired	(20,250)	0.35
Balance at December 31, 2017	37,215,603	0.24
Expired	(60,530)	0.30
Balance at March 31, 2018	37,155,073	0.24

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the Three Months Ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

11. Share capital - continued

(d) Loss per share

	Three months ended	
	March 31, 2018 (\$)	March 31, 2017 (\$)
Basic and diluted net loss per share	(0.01)	(0.01)
Net loss for the period	(1,442,603)	(978,560)

For the three months ended March 31, 2018 there were 9,415,000 (2017 – 2,420,000) share options and 37,155,073 warrants (2017 – 445,475) that are potentially dilutive but not included in the diluted loss per share calculation as the effect would be anti-dilutive.

(e) Escrow shares

As at March 31, 2017, 22,284,842 (December 31, 2017 - 30,339,212) shares originally issued to Organto Guatemala shareholders are still subject to escrow provisions.

(f) Reserves

	Options (\$)	Warrants (\$)	Conversion feature of debentures (\$)	Promissory Note (\$)	Others reserves (\$)	Cumulative translation (\$)	Total (\$)
Balance, January 1, 2017	-	38,552	-	239,187	176,093	673,107	1,126,939
Accumulated fair value of:							
Warrants issued	-	196,919	-	-	-	-	196,919
Conversion option of convertible debt issued	-	-	416,420	-	-	-	416,420
Stock-based compensation	671,417	-	-	-	-	-	671,417
Reclassify to deficit upon dissolution of subsidiary	-	-	-	(239,187)	-	(178,847)	(418,034)
Accumulated comprehensive income	-	-	-	-	-	166,609	166,609
Balance at December 31, 2017	671,417	235,471	416,420	-	176,093	660,869	2,160,270
Stock-based compensation	3,636	-	-	-	-	-	3,636
Accumulated comprehensive income	-	-	-	-	-	286	286
Balance at March 31, 2018	675,053	235,471	416,420	-	176,093	661,155	2,164,192

12. Cost of sales

	Three months ended	
	March 31, 2018 (\$)	March 31, 2017 (\$)
Materials and transportation	97,117	1,433
Produce purchases	13,336	29,708
Salaries and benefits	56,054	53,164
Amortization (note 8)	55,171	88,942
Plant overhead	43,805	19,557
	265,483	192,804

13. Selling, general and administration expenses

	Three months ended	
	March 31, 2018 (\$)	March 31, 2017 (\$)
Administrations and office	242,375	304,010
Professional fees	133,533	47,649
Overhead and operating	54,563	47,738
	430,471	399,397

14. Related party transactions

Pursuant to management services agreements, Columbus Gold provided certain management and administration services to the Company during the period December 1, 2015 through March 31, 2018 for fixed monthly fees, a portion of which was payable in common shares of the Company. Columbus Gold has or had certain directors and officers in common with the Company.

The related party transactions are as follows:

	Three months ended	
	March 31, 2018 (\$)	March 31, 2017 (\$)
Management fees paid or accrued to:		
Fresh Organics LLC, a Company owned by Marcus Meurs, President and COO	61,654	74,777
Peter Gianulis, Executive Vice President, Corporate Development	45,529	47,597
MCC Holding B.V. a Company owned by Arnoud Maas, former CEO	94,853	-
Bromley Consulting & Advisory Inc., a company owned by Steve Bromley, Director and Interim CEO	-	30,000
Alejandro Bottini, country manager Argentina	7,870	15,743
Andres Barresi, former COO	-	7,293
Bandal B.V., a company owned by Rients van der Wal, CEO of the Company's European subsidiary	-	84,642
	209,906	260,052
Administration fees paid or accrued to Columbus Gold	30,000	76,200
	239,906	336,252

Organto Foods Inc.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
 For the Three Months Ended March 31, 2018 and 2017
 (Expressed in Canadian Dollars)

**14. Related party transactions - continued**

At the period end, the Company had the following outstanding balances receivable from (payable to) related parties:

	March 31, 2018 (\$)	December 31, 2017 (\$)
Management fees advanced to Fresh Organics LLC	19,082	96,998
Due to Columbus Gold:		-
to be settled in cash	(1,639)	(139)
to be settled in shares of Organto	(280,000)	(250,000)
Management fees and expense reimbursements payable to Peter Gianulis	(127,979)	(75,596)
Management fees payable to Andres Barresi	(101,464)	(98,762)
Directors fees included in accrued liabilities	(52,000)	(48,864)
Loans payable to:		
Omega (note 9)	(407,636)	(372,148)
Multitulli Sustainable Merchants, LLC, a company associated with Marcus Meurs	(68,542)	-
Stuyvesant et Compagnie, Inc., a company associated with Marcus Meurs	(236,403)	-
Naetturland, Inc., a company associated with Marcus Meurs	(266,431)	-
Steve Bromley	(50,000)	-
Jeff Klenda, Director	(11,500)	-
Claudio Schreier, Director	(38,500)	-
Robert Giustra, Director	(23,331)	-
	(1,646,343)	(748,511)

15. Segmented information

The Company has one reportable business segment, being the sourcing, processing, packaging and distribution of organic and specialty food products. The majority of sales were made to 3 customers during the three months period ended March 31, 2018, and 1 customer during the three months ended March 31, 2017.

Information by geographical areas is as follows:

	March 31, 2018 (\$)	December 31, 2017 (\$)
Current assets		
Canada	385,201	502,892
Guatemala	33,053	58,528
Argentina	36,830	41,219
Netherlands	368,303	611,877
	823,387	1,214,516
Non-current assets		
Guatemala	1,695,525	1,692,635
Netherlands	248,057	249,716
	1,943,582	1,942,351
Total assets		
Canada	385,201	502,892
Guatemala	1,728,578	1,751,163
Netherlands	616,360	861,593
Argentina	36,830	41,219
	2,766,969	3,156,867

Customer sales are as follows:

	Location of Customer	Three months ended			
		March 31, 2018 (\$)	%	March 31, 2017 (\$)	%
Customers					
Customer A	Europe	3,886	29	35,574	100
Customer B	Europe	7,822	58	-	-
Customer C	Europe	1,687	13	-	-
		13,395	100	35,574	100

Organto Foods Inc.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
 For the Three Months Ended March 31, 2018 and 2017
 (Expressed in Canadian Dollars)

**16. Commitments**

At March 31, 2018, the Company has the following commitments:

	Within 1 year (\$)	Between 1 and 5 years (\$)	After 5 years (\$)	Total (\$)
Lease payments for land use in Guatemala	23,370	36,847	58,680	118,897
Management fees to Peter Gianulis	32,235	-	-	32,235
Management fees to Fresh Organics LLC	188,252	167,869	-	356,121
Loan payable to Omega S.A.	407,636	-	-	407,636
	651,493	204,716	58,680	914,889

17. Subsequent eventsBridge loan

In April 2018 the Company received approximately \$126,000 in additional bridge loans from insiders and certain shareholders. The bridge loans are unsecured and have a term of one year. Interest rates range from 0% to 8% with interest payable at the end of the one year term.