Organto Foods Inc.

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

Management's Discussion and Analysis
(Unaudited)

For the Year Ended
December 31, 2017

(Stated in Canadian Dollars)

Dated April 30, 2018

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BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("MD&A") provides an overview of the business and operations of Organto Foods Inc. for the three months and year ended December 31, 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, 2017 which was prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

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

All currency amounts are expressed in Canadian dollars unless noted otherwise. In addition, "this quarter" or "current quarter" refers to the three-month period ended December 31, 2017, and "this year" or "current year" refers to the year ended December 31, 2017.

This MD&A is dated April 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 vegetable, 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 "seed 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 logistics, processing and growing 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 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 and fruits with large retailers worldwide; and
- *Infrastructure* – responsibly building-out the organization to allow the business to scale at speed.

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 continued development of year-round supply capabilities for many of our 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").

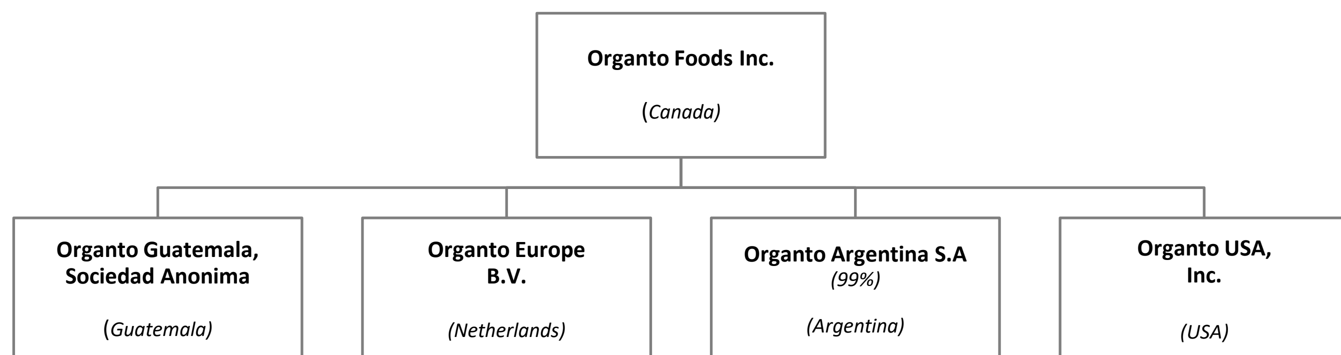
The name change to Organto Foods Inc. was completed to better reflect our focus on growing, processing, packaging, distribution and branding vertically integrated year-round organic foods along with our commitment to sustainable and socially conscious business practices. Currently we have processing 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 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.



During the year ended December 31, 2017 we dissolved our US subsidiary, Columbus Silver (U.S.) Corporation and recognized a gain on dissolution of $45,156.

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 December 31, 2017:

	April 30, 2018	December 31, 2017
Common shares issued and outstanding	112,263,903	112,263,903
Share purchase options outstanding ($0.065-$0.20)	9,715,000	9,715,000
Warrants ($0.15-$0.30)	37,155,073	37,215,603

In October 2017 we granted incentive stock options to certain directors, officers and employees to purchase up to an aggregate of 7,270,000 common shares at an exercise price of $0.18 per share. 4,578,340 of the options vested immediately. 1,275,000 options will vest upon Organto's common shares trading on the TSXV at a price of at least CDN$0.50 per share for 3 consecutive trading days and a further 1,275,00 will vest upon Organto's common shares trading on the TSXV at a price of at least CDN$0.80 per share for 3 consecutive trading days. The balance of 141,660 options will vest over the next twelve months. All of the foregoing options expire on October 10, 2022.

In November 2017 we granted incentive stock options to certain directors to purchase up to an aggregate of 200,000 common shares at an exercise price of $0.13 per share. One fifth of the options will vest immediately and one fifth will vest on the first, second, third and fourth anniversary of their issue. All of the foregoing options expire on November 28, 2022.

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 of a 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. Rients 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, are not yet effective for the year ended December 31, 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. We do not expect the new standard to 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 is effective for annual periods beginning on or after January 1, 2018. We do not expect the new standard to 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.

Selected Annual Information

The following information is for the years ended December 31, 2017, 2016 and 2015:

	2017 ($)	2016 ($)	2015 ($)
Revenues	592,534	2,155,210	1,640,957
Gross profit (loss)	(1,682,095)	169,055	(377,890)
Net loss from continuing operations	(9,441,849)	(4,477,046)	(1,793,938)
- per share, basic and diluted	(0.10)	(0.06)	(0.28)
Comprehensive loss	(9,275,240)	(4,578,750)	(1,226,851)
- per share, basic and diluted	(0.10)	(0.06)	(0.19)
Total assets	3,156,867	5,102,997	7,194,697
Total non-current financial liabilities	(1,664,112)	-	764,087
Cash dividends declared	Nil	Nil	Nil

While we have made progress on each of our key strategic pillars, our financial results for 2017 have not met expectations, due primarily to challenges in our supply chain which in turn have limited our commercial traction, combined with costs incurred to build-out organizational capabilities to meet anticipated business demand. We remain confident in our branded product proposition as retailers have shown solid 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 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.

Review of Financial Results – Current Quarter

We incurred a net loss of $5,802,040 during the current quarter, compared to $2,224,652 during the same period in the prior year. The increase in the net loss for the quarter is discussed below.

Revenues for the three months ended December 31, 2017 were $136,459 as compared to $25,969 during the same period in the prior year. While revenues increased versus the prior year, they did not meet expectations as supply issues from strategic third-party growers created a supply/demand imbalance that significantly impacted commercial volumes.

For the three months ended December 31, 2017 we incurred a gross loss of $822,792 as compared to a gross profit of $17,391 during the same period in the prior year. The increase was driven by costs of raw materials including product, packaging and freight expenses related to poor quality supply, uneconomical quantities and product losses, the costs of running the Guatemalan processing operations which were idle in the prior year, plus amortization costs on the Guatemalan operation which were not included in cost of sales in the prior year as the plant was not operating.

Selling, general and administration expenses decreased to $862,132 this quarter from $1,186,075 in the same quarter of the prior year. The decrease was mainly due to reduced costs associated with bad debts and doubtful accounts offset by incremental marketing costs and professional fees.

Management fees during the current quarter increased to $316,420 as compared to $204,543 in the prior year, attributable primarily to the addition of leadership and support personnel to our team. The management fees are attributable to the CEO, COO, CFO and certain other management and advisors of the Company.

Salaries and benefits during the quarter increased to $553,935 as compared to $66,369 in the prior year. The increase was driven for the most part by the build-out of the Amsterdam office including sales and marketing personnel as well as duplicate resources as the finance and administration function was built to facilitate the transition to a stand-alone platform at the end of the year.

We recognized $671,417 for stock-based compensation for options granted in the fourth quarter of 2017. No stock-based compensation was recognized in the fourth quarter of 2016. 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 2017 was based on a fair value of $0.09 per share for the 7,470,000 options granted in 2017.

We have 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 $162,175 compared to $258,269 during the prior year comparative period. The decrease is attributable to certain debts with high interest rates being discharged versus the prior year.

We realized other income of $56,988 as compared to nil in the prior year. This was the result of the sale of certain redundant assets and the settlement of certain obligations at less than carrying value.

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 gain of $186,111 this quarter as compared to a loss of $15,928 during the prior year comparative period.

We recorded a net loss of $13,480 based on the revaluation of the convertible component of our convertible debenture and convertible component of convertible loan payable, versus a gain of $144,144 in the same period in the prior year.

During the quarter we dissolved a subsidiary, and in doing so we realized a gain on the dissolution of $45,156 and realized a foreign exchange gain on the dissolution of $30,155.

We carry out 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. As at December 31, 2017, we determined that the carrying amount of certain fixed assets which were initially recorded booked on a going concern basis 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 the current quarter.

During the current quarter we realized a loss per share, both basic and diluted, of $0.05 versus a loss per share, both basic and diluted, of $0.03 in the prior year.

Review of Financial Results – Current Year

We incurred a net loss of $9,441,849 during the current year, as compared to $4,455,154 during the prior year.

Revenues for the year ended December 31, 2017 were $595,534 as compared to $2,155,210 during the prior year. The current year saw the start of the commercial roll-out of our organic product offering. Revenue was down from the prior year as we completed trials of our processes and attained organic certifications, refining our growing operations and developing third-party supply relationships all in support of the build out of our year-round supply capabilities. Revenues in the prior year were mainly from conventional produce as we validated our supply and logistics processes. While revenues increased versus the prior year in the fourth quarter of 2017, revenues for the fourth quarter and year did not meet expectation as supply issues from strategic third-party growers created a supply/demand imbalance that significantly impacted commercial volumes and related costs.

Gross profit loss for the year ended December 31, 2017 was $1,682,095 as compared to gross profit of $169,055 during the same period in the prior year. The increase was driven by costs of raw materials including product, packaging and freight expenses related to poor quality supply, uneconomical quantities and product losses, the costs of running the Guatemalan processing operations which were idle much of the prior year, plus amortization costs on the Guatemalan operation which were not included in cost of sales in the prior year as the plant was not operating.

Selling, general and administration expenses held steady at $2,319,132 this year, as compared to $2,301,649 in the prior year. Increases in travel, personnel and administration expenses were offset by a reduction in bad debts and doubtful accounts. Travel, personnel, professional fees and administration expenses increased in 2017 in order to support planned business expansion and the build-out of a stand-alone administrative platform.

Management fees during the current year increased to $1,180,166 as compared to $859,405 in the prior year, attributable to the addition of key leadership, advisors and support personnel. The management fees are attributable to the CEO, COO, CFO and certain management and advisors of the Company.

Salaries and benefits increased to $1,057,850 this year, as compared to $331,353 during the prior year. The increase was driven for the most part by the build-out of the Amsterdam office including sales and marketing personnel as well as duplicate resources as the finance and administration function was built to facilitate the transition to a stand-alone platform at the end of the year.

We recognized $671,417 for stock-based compensation for options granted in 2017 as compared to no expense in 2016. 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 2017 was based on a fair value of $0.09 per share for the 7,470,000 options granted in 2017.

We incurred interest expense of $379,473 this year, as compared to $417,852 in the prior year. We have or had amounts due to Omega S.A., short-term loans payable, a convertible loan payable, convertible debentures, and certain accounts payable, which incur interest at various rates.

We realized other income of $56,959 as compared to nil in the prior year. This was the result of the sale of certain redundant assets and the settlement of certain obligations at less than carrying value.

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 gain of $239,946 this year as compared to a loss of $120,198 during the prior year comparative period.

We recorded a net gain of $125,828 based on the revaluation of the convertible component of our convertible debenture and convertible component of convertible loan payable, versus a gain of $71,215 in the same period in the prior year.

During the year we dissolved a subsidiary, and in doing so we realized a gain on the dissolution of $45,156 and realized a foreign exchange gain on the dissolution of $30,155.

After a review of the carrying value of our property, plant and equipment at December 31, 2017 we recognized an impairment loss of $2,649,760 for the current year, as noted in the commentary for the current quarter.

During the current year we realized a loss per share, both basic and diluted, of $0.08 versus a loss per share, both basic and diluted, of $0.06 in the prior year.

Selected Quarterly Information

	Q4 2017 ($)	Q3 2017 ($)	Q2 2017 ($)	Q1 2017 ($)	Q4 2016 ($)	Q3 2016 ($)	Q2 2016 ($)	Q1 2016 ($)
Revenues	136,459	135,623	284,878	35,574	25,969	209,350	518,551	1,401,340
Loss from continuing operations attributable to shareholders of the Company	(5,733,701)	(1,468,605)	(1,260,983)	(978,560)	(2,224,652)	(1,065,311)	(540,635)	(647,448)
Income (loss) from discontinued operations attributable to shareholders of the Company	-	-	-	-	-	-	21,892	-
Net loss for the period attributable to shareholders of the Company	(5,659,635)	(1,468,601)	(1,300,937)	(870,271)	(2,091,813)	(1,047,678)	(515,379)	(647,448)
Basic and diluted loss per share from continuing operations	(0.05)	(0.01)	(0.01)	(0.01)	(0.03)	(0.01)	(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	(0.05)	(0.01)	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)	(0.01)

	Dec 31, 2017 ($)	Sep 30, 2017 ($)	Jun 30, 2017 ($)	Mar 31, 2017 ($)	Dec 31, 2016 ($)	Sep 30, 2016 ($)	Jun 30, 2016 ($)	Mar 31, 2016 ($)
Cash	172,025	2,257,086	1,142,413	201,663	26,230	129,077	76,861	3,969
Total assets	3,156,867,	7,693,330	6,646,020	5,428,130	5,102,997	6,296,781	6,293,876	7,028,267
Total non-current financial liabilities	1,164,112	1,970,554	1,919,750	-	-	-	-	-

Liquidity and Capital Resources

At December 31, 2017, we had cash of $172,025 and a working capital deficiency of $2,842,417, compared to $26,230 and $4,072,903, respectively, at December 31, 2016.

In April 2017 we received new bridge loans totalling $271,840 (US$200,000). The loans were unsecured, bore interest at a rate of 8% per annum and had 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. These bridge loans were fully repaid in 2017.

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

In June 2017, we completed 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. The debentures are also subject to a call feature at our sole election.

During the summer we completed a non-brokered private placement of 34,429,842 units at a price of $0.15 per unit for gross proceeds of $5,164,476. Each unit consists 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. The private placement closed in three tranches, with gross proceeds of $1,904,945 raised from the sale of 12,699,634 units in June, gross proceeds of $324,781 raised from the sale of 2,165,208 units in August and gross proceeds of $2,934,750 from the sale of 19,565,000 units in September. Finders' fees of $252,324 were paid and warrants exercisable to purchase 1,689,840 common shares at a price of $0.15 were issued. The finders' warrants expire 24 months after closing.

During the period from In February 2018 through April 2018 we received proceeds from bridge loans with related parties for proceeds of approximately $820,000. 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 fourth quarter of 2017 was $1,775,550 compared to $643,258 during the fourth quarter of the prior year. Cash used in operating activities for all of 2017 was $5,890,354 compared to $1,367,654 for 2016. 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 $50,844 (2016 - $12,950) in property, plant and equipment during the fourth quarter and $164,983 (2016 - $37,445) for the entire year.

During the fourth quarter of 2017, we received $4,396 from the exercise of warrants compared to $1,416,858 in 2016 from private placements, debentures, short term loans and paid $268,734 (2016 - $82,685) for interest and debt repayments. For all of 2017, we received a total of $7,475,712 (2016 - $1,412,283) from private placements, debentures, short term loans and the exercise of warrants and paid a total of $1,270,436 (2016 - $70,706) for interest and debt repayments.

At December 31, 2017, we had current liabilities of $4,056,933 (2016 - $4,450,577) and non-current liabilities of $1,664,112 (2016 - $nil).

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 Dec 31, 2017 ($)
Cash	Fair value through profit or loss	Credit, currency and concentration	172,025
Receivables	Amortized cost	Credit, currency and concentration	442,257
Accounts payable	Amortized cost	Currency	(2,550,036)
Loan due to Omega S.A.	Amortized cost	Currency	(372,148)
Convertible loan payable	Amortized cost	Currency	(625,021)
Embedded derivative financial liability	Fair value through profit or loss	Exchange	(18,077)
Due to Columbus Gold	Amortized cost	n/a	(250,139)
Convertible debentures	Amortized cost	n/a	(1,664,112)
			(4,865,251)

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 loss of $73,604 for the three months ended December 31, 2017 versus a gain of $144,144 for the year ended December 31, 2016 in connection with our *Embedded derivative financial liability*, from the revaluation of the conversion option.

We incurred aggregate interest expense of $28,003 and $144,035 in connection with amounts due to Omega, short-term and convertible loans payable, and convertible debentures during the three and twelve months ended December 31, 2017, compared to $16,846 and $30,333 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 two 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 balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at December 31, 2017, we had a working capital deficiency of $2,842,417 (December 31, 2016 – $4,072,903). 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 $27,807.

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		**Year ended**	
	December 31, 2017 ($)	**December 31, 2016 ($)**	**December 31, 2017 ($)**	**December 31, 2016 ($)**
Management fees paid or accrued to:				
Fresh Organics LLC, a company owned by Marcus Meurs, the president and COO of the Company	67,747	101,228	269,159	282,632
Peter Gianulis, Executive Vice President, Corporate Development of the Company	45,912	(16,352)	186,424	175,730
MCC Holding B.V. a company owned by Arnoud Maas, former CEO of the Company	87,751	-	216,187	-
Bromley Consulting & Advisory Inc. a company owned by Steve Bromley, Chair of the Board of Directors	100,000	7,500	120,000	7,500
Alejandro Bottini, country manager Argentina	72,244	-	72,244	-
Andres Barresi, former COO of the Company	-	40,257	7,294	122,463
Brandal B.V., a Company owned by Rients van der Wal, a former director of the Company's subsidiary	76,290	71,910	308,858	271,080
Administration fees paid or accrued to Columbus Gold	76,800	30,000	306,600	125,000
Directors fees paid or accrued	(54,000)	18,000	-	72,000
	472,745	**252,543**	**1,486,766**	**1,056,405**

In the fourth quarter of 2017, the independent directors of the Company agreed to forfeit and abandon all claims to the amounts owed them at December 31, 2017 for unpaid director's fees resulting in a negative amount for the quarter. The directors also agreed to waive all future claims to compensation for services performed in their capacity as directors until such time as the Company determines that its operations can better support the payment of such fees. In the fourth quarter of 2016, Peter Gianulis agreed to a retroactive reduction in compensation resulting in a negative amount for the quarter.

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

	December 31, 2017 ($)	December 31, 2016 ($)
Loan due to Omega	372,148	500,419
Due to Columbus Gold:		
to be settled in cash	139	138,683
to be settled in shares of Organto	250,000	-
Due to Peter Gianulis:		
management fees and expense reimbursements	75,596	240,857
loan	-	64,496
Management fees payable to Andres Baresi	98,762	90,973
Loan payable to CrediPresto, a corporation of which Javier Reyes, a director of the Company, is a principal	-	118,439
Management fees payable to (advances receivable from) Fresh Organics	(96,998)	12,775
Directors fees included in accrued liabilities	48,864	78,000
	748,511	**1,244,642**

Commitments

At December 31, 2017, we have the following commitments:

	Within 1 year ($)	Between 1 and 5 years ($)	After 5 years ($)	Total ($)
Lease payments for land use in Guatemala	136,707	495,417	355,932	988,056
Loan payable to Omega S.A.	372,148	-	-	372,148
Management fees to Fresh Organics LLC	244,737	60,346	-	305,083
Management fees to Peter Gianulis	183,239	207,962	-	391,201
Management fees to MCC Holding BV	125,506	-	-	125,506
	1,062,337	**763,725**	**355,932**	**2,181,994**

OFF-BALANCE SHEET ARRANGEMENTS

During 2017 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 $15.8 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 year, 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. 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 2nd Floor – 510 Burrard Street Vancouver, BC, V6C 3B9

Organto Foods Inc.

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

Consolidated Financial Statements

For the Year Ended
December 31, 2017

(Stated in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Organto Foods Inc.

We have audited the accompanying consolidated financial statements of Organto Foods Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of loss, comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Organto Foods Inc. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 30, 2018

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

	December 31, 2017 ($)	December 31, 2016 ($)
Assets		
Current assets		
Cash	172,025	26,230
Receivables (note 5)	442,257	53,237
Inventories and biological assets (note 6)	157,541	246,723
Prepaid expenses (note 7)	442,693	51,484
	1,214,516	377,674
Non-current assets		
Property, plant and equipment (note 8)	1,932,836	4,712,831
Other non-current assets	9,515	12,492
	3,156,867	**5,102,997**
Liabilities and equity (deficit)		
Current liabilities		
Accounts payable	2,550,036	2,212,356
Accrued liabilities	241,512	440,090
Loan due to Omega S.A. (note 9)	372,148	500,419
Loans payable (note 10)	-	302,558
Convertible loan payable (note 11)	625,021	787,110
Embedded derivative financial liability (note 11)	18,077	69,361
Due to Columbus Gold Corp. (note 17)	250,139	138,683
	4,056,933	4,450,577
Non-current liabilities		
Convertible debenture (note 12)	1,664,112	-
Total liabilities	**5,721,045**	**4,450,577**
Equity (deficit)		
Share capital (note 13)	10,953,208	6,000,631
Reserves (note 13g)	2,160,270	1,126,939
Deficit	(15,677,656)	(6,328,684)
(Deficit) equity attributable to shareholders of Organto Foods Inc.	**(2,564,178)**	**798,886**
Non-controlling interests	-	(146,466)
Total (deficit) equity	**(2,564,178)**	**652,420**
	3,156,867	**5,102,997**

Nature of operations and going concern (note 1)
Commitments (note 21)
Subsequent events (note 22)

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.
Consolidated Statements of Loss
(Expressed in Canadian Dollars)

	Year ended	
	December 31, 2017 ($)	**December 31, 2016 ($)**
Sales (note 18)	592,534	2,155,210
Cost of sales (note 15)	2,274,629	1,993,628
Gain on recognition of biological assets	-	7,473
Gross profit (loss)	(1,682,095)	169,055
Selling, general and administration expenses (note 16)	2,319,132	2,301,649
Management fees (note 17)	1,180,166	859,405
Salaries and benefits	1,057,850	331,353
Stock-based compensation (note 13b)	671,417	-
Amortization (note 8)	-	207,127
	(6,910,660)	(3,530,479)
Interest expense and accretion	(379,473)	(417,852)
Other income	56,959	-
Foreign exchange gain (loss)	239,946	(120,198)
Gain on derivative financial liability	107,412	-
Gain on embedded derivative financial liability (note 11)	18,416	71,215
Gain in dissolution of subsidiary (note 2)	45,156	-
Foreign exchange realized on dissolution of subsidiary	30,155	-
Impairment of plant and equipment (note 8)	(2,649,760)	-
Impairment of goodwill	-	(479,732)
Net loss from continuing operations	**(9,441,849)**	**(4,477,046)**
Net income from discontinued operations	**-**	**21,892**
Net loss for the year	**(9,441,849)**	**(4,455,154)**
Net loss attributable to:		
Shareholders of Organto Foods Inc.	(9,299,444)	(4,302,422)
Non-controlling interests	(142,405)	(152,732)
	(9,441,849)	**(4,455,154)**
Loss per share (note 13d)		
Basic and diluted from continuing operations	(0.10)	(0.06)
Basic and diluted from discontinued operations	0.00	(0.00)
Basic and diluted	(0.10)	(0.06)

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

	Year ended	
	December 31, 2017 ($)	**December 31, 2016 ($)**
Net loss for the year	(9,441,849)	(4,455,154)
Other comprehensive income (loss) for the year:		
Item(s) that may subsequently be re-classified to net income or loss:		
Foreign currency translation	166,609	(123,596)
Comprehensive loss for the year	**(9,275,240)**	**(4,578,750)**
Comprehensive loss attributable to:		
Shareholders of Organto Foods Inc.	(9,275,240)	(4,427,709)
Non-controlling interests	-	(151,041)
	(9,275,240)	**(4,578,750)**

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

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

	Year ended	
	December 31, 2017 ($)	**December 31, 2016 ($)**
Operating activities		
Net loss for the year from continuing operations	(9,441,849)	(4,477,046)
Items not involving cash		
Amortization	427,309	355,075
Impairment of plant and equipment	2,649,760	-
Impairment of goodwill	-	479,732
Share-based payments	72,500	20,000
Stock-based compensation	671,417	-
Accrued interest expense and accretion	379,473	417,852
Gain on derivative financial liability	(107,412)	-
Gain in dissolution of subsidiary	(45,156)	-
Net loss on debt settlements	(37,782)	-
Foreign currency transaction gain	10,973	(23,822)
Gain on embedded derivative financial liability	(18,416)	(71,215)
Cash used in operating activities before changes in non-cash working capital	(5,439,183)	(3,299,424)
Changes in non-cash working capital (note14)	(451,290)	1,931,770
Cash used in operating activities	(5,890,473)	(1,367,654)
Investing activities		
Property, plant and equipment	(164,983)	(37,445)
Proceeds from sale of Clanton Hills property	-	27,448
Other non-current assets	-	(4,270)
Cash used in investing activities	(164,983)	(14,267)
Financing activities		
Proceeds from private placements, net of issue costs	4,910,000	1,168,302
Proceeds from debentures issued	2,035,000	-
Proceeds from short-term loan	271,840	200,953
Proceeds from (repayment of) convertible loan payable	(37,232)	41,078
Proceeds from share options and warrants exercised	4,396	1,950
Repayment of short-term loans	(514,602)	(40,373)
Loan and interest payments to Omega	(319,972)	-
Interest paid	(144,035)	(30,333)
Contributions from non-controlling interest	-	4,575
Cash from financing activities	6,205,395	1,346,152
Effect of foreign exchange on cash	(4,144)	(1,212)
Increase (decrease) in cash	145,795	(36,981)
Cash, beginning of year	26,230	63,211
Cash, end of year	**172,025**	**26,230**

Supplemental cash flow information (note 14).

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

Organto Foods Inc.
Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian Dollars)

organto

	Number of shares	Share capital ($)	Reserves ($)	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	-	-	-	-	4,575	4,575
Proceeds received from private placement	4,060,060	1,218,019	-	-	-	1,218,019
Share issuance costs	-	(75,119)	-	-	-	(75,119)
Share-based payments	72,810	20,000	-	-	-	20,000
Share options exercised	30,000	3,363	(1,413)	-	-	1,950
Warrants	-	-	38,552	-	-	38,552
Comprehensive loss for the year	-	-	(125,287)	(4,302,422)	(151,041)	(4,578,750)
Balance at December 31, 2016	**76,771,801**	**6,000,631**	**1,126,939**	**(6,328,684)**	**(146,466)**	**652,420**
Gross proceeds received from private placement (note 13a)	34,429,842	5,164,476	-	-	-	5,164,476
Warrants (note 13c)	-	-	40,500	-	-	40,500
Share issuance costs (note 13a)	-	(410,895)	156,419	-	-	(254,476)
Compensation shares (note 12)	738,570	122,100	-	-	-	122,100
Share-based payments (note 13a)	294,386	72,500	-	-	-	72,500
Stock-based compensation (note 13b)	-	-	671,417	-	-	671,417
Conversion feature of debentures (note 12)	-	-	416,420	-	-	416,420
Warrants excercised (note 13c)	29,304	4,396	-	-	-	4,396
Elimination of non-controlling interest in subsidiaries (note 13f)	-	-	-	(288,871)	288,871	-
Reclassification to deficit upon dissolution of subsidiary	-	-	(418,034)	239,343	-	(178,691)
Comprehensive loss for the year	-	-	166,609	(9,299,444)	(142,405)	(9,275,240)
Balance at December 31, 2017	**112,263,903**	**10,953,208**	**2,160,270**	**(15,677,656)**	**-**	**(2,564,178)**

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. 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 December 31, 2017, the Company had a working capital deficiency of $2,842,417 (2016 – $4,072,903) and an accumulated deficit of $15,677,656 (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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Certain amounts in the prior year have been reclassified to conform to the presentation in the current year.

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

(b) Basis of measurement

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

2. Basis of presentation - *continued*

(c) Basis of consolidation

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

Entity	Location	Ownership interest	Status
Organto Guatemala, S.A.	Guatemala	100%	Consolidated subsidiary
Organto Europe B.V.	Netherlands	100%	Consolidated subsidiary
Organto Argentina S.A.	Argentina	99%	Consolidated subsidiary

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

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

During the current year, the Company dissolved its former subsidiary, Columbus Silver (U.S.) Corporation and recognized a gain on dissolution of $45,156.

(d) Use of estimates and judgments

Significant estimates and assumptions

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

Estimates and assumptions where there is risk of material adjustments to assets and liabilities in future accounting periods include estimates of useful lives of long-lived assets, the impairment of property, plant and equipment, the valuation of inventory which includes determining the net realizable value,assumptions used in determination of the fair value of biological assets, financial liabilities, share-based payments, share-based compensation and the recoverability and measurement of deferred tax assets.

Significant judgments

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

3. Significant accounting policies

(a) Revenue recognition

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

3. Significant accounting policies - *continued*

(b) Inventory

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

(c) Biological assets

Biological assets are measured at fair value less costs of sale up to the point of harvest. Cost approximates fair value when little or no biological transformation has taken place since the costs were originally incurred or the impact of biological transformation on price is not expected to be material. Costs to sell include all incremental costs directly attributable to the sale of the biological assets, excluding financing costs and income taxes. At the point of harvest, the fair value less cost measurement becomes the deemed cost amount that is transferred to inventory as finished goods.

(d) Foreign currency translation

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

Entity	Functional currency
Organto Guatemala, S.A.	Guatemalan Quetzal ("Q")
Organto Europe B.V. ("Organto EU")	European Euro
Organto Argentina S.A.	Argentine Peso

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

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

(e) Impairment of long-lived assets

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

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

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

3. Significant accounting policies - *continued*

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

(f) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are recorded at cost, less accumulated amortization and accumulated impairment losses. Items recorded in foreign subsidiaries are also subject to foreign currency translation adjustments.

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

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

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

Amortization

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

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

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

(g) Finance income and expenses

Finance income comprises interest income from cash accounts and is recognized in profit or loss on a cash basis.

Interest expense comprises interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method. Interest expense is shown net of interest income received.

3. Significant accounting policies - *continued*

(h) Income taxes

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

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

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

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

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

(i) Loss per share

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

(j) Share-based payments

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

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

(k) Financial instruments

<u>Financial assets</u>

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

3. Significant accounting policies - *continued*

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

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

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

Financial liabilities

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

Embedded derivative financial liabilities are recorded as a result of the instruments being denominated in US dollars and recorded at fair value 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.

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

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

4. New accounting standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December31, 2017, and have not been applied in preparing these financial statements. Those that may have a significant future effect on the financial statements of the Company are as follows:

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

This new standard is a partial replacement of IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company does not expect the new standard to have a significant impact on its financial statements.

4. New accounting standards- *continued*

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

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.The Company does not expect the new standard to have a significant impact on its 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. The Company has not yet assessed the future impact of this new standard on its 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.

5. Receivables

	December 31, 2017 ($)	**December 31, 2016 ($)**
Trade receivables	103,909	-
Fresh Organics (notes 17)	96,998	-
VAT recoverable	237,001	46,975
Other accounts receivable	4,349	6,262
	442,257	**53,237**

6. Inventories and biological assets

	December 31, 2017 ($)	**December 31, 2016 ($)**
Packing material	121,295	186,587
Agricultural inputs	31,069	52,663
Biological assets	-	7,473
Finished goods	5,177	-
	157,541	**246,723**

7. Prepaid expenses

	December 31, 2017 ($)	December 31, 2016 ($)
Advances to third-party producers	358,507	-
Prepaid insurance	27,500	11,000
Other advances and retainers	56,686	40,484
	442,693	**51,484**

8. 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	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**
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 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)**
Net book value						
At December 31, 2016	**1,949,377**	**2,432,143**	**104,841**	**110,382**	**116,088**	**4,712,831**
At December 31, 2017	**677,229**	**985,737**	**108,599**	**108,922**	**52,349**	**1,932,836**

The Company's buildings are situated on land owned by a third party, which is subject to a lease agreement (note 21).

8. Property, plant and equipment- *continued*

Management carries out regular periodic reviews of the carrying value of its property, plant and equipment based on assumptions that it believes reflect the most probable set of economic conditions and planned courses of action in the near future. As at December 31, 2017, the Company determined that the carrying amount of certain property, plant and equipment exceeded their recoverable amounts and recognized an impairment loss of $2,649,760 as follows:

	December 31, 2017 ($)	**December 31, 2016 ($)**
Buildings	1,209,884	-
Machinery and equipment	1,435,796	-
Furniture and other	315	-
Construction in progress	3,765	-
	2,649,760	-

The recoverable amount was determined based on the assets' fair values less costs to sell. Fair value was determined based on the replacement cost of the assets.

9. 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.

Interest accrues at 24% per annum for late payments.

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**
Other 3rd 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**

10. Loans payable

On July 19, 2016, the Company restructured previous 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 of $105,672 (US$81,430), to be due on September 30, 2017 with interest at 18% per annum. On August 3, 2017, the Company paid $124,780 (US$95,388) to CrediPresto, representing full repayment including interest.

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. 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 were amended to an interest rate of 8% per annum, 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 were 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.

On April 25, 2017, the Company paid interest of $5,484 (US$4,035) on the bridge loans. On June 16, 2017, the Company repaid principal of $311,448 (US$240,000) and interest of $10,964 (US$8,512) on the bridge loans and on July 11, 2017, the Company paid the remaining balances of $77,460 (US$60,000) and interest of $ 2,613 (US$2,529).

During 2016, Peter Gianulis, then 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 were repaid during 2017.

A continuity of the balances is shown below:

	CrediPresto loans ($)	Gianulis Loan ($)	Bridge Loans ($)	Total ($)
Balance at January 1, 2016	114,657	-	-	114,657
Interest payment on the original loan (US$3,450)	(4,735)	-	-	(4,735)
Repayment of principal on the original loans (US$30,050)	(40,373)	-	-	(40,373)
Loan proceeds	24,703	64,496	-	89,199
Interest expense	21,151	-	5,306	26,457
Fair value of bridge loans (US$85,000)	-	-	114,129	114,129
Foreign exchange	3,036	-	188	3,224
Balance at December 31, 2016	118,439	64,496	119,623	302,558
Fair value of new bridge loans	-	-	229,500	229,500
Repayments	(106,477)	(64,496)	(343,629)	(514,602)
Interest expense	11,204	-	9,131	20,335
Accretion	-	-	56,911	56,911
Interest paid	(18,303)	-	(19,061)	(37,364)
Foreign exchange	(4,863)	-	(52,475)	(57,338)
Balance at December 31, 2017	-	-	-	-

11. 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 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. 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 in the amount of $41,078 (US$32,000).

The loan and any interest accrued to date thereon were to 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 was to 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.

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.

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.

On July 1, 2017, the Company restructured the secured convertible promissory note owing to SGSI, with the following terms:

- Maturity date – June 30, 2018;
- Monthly payments of $9,341 (US$7,375) from July 2017 to June 2018 (2017 amounts paid); and
- Conversion price reduced to $0.33.

As a result of the restructuring, the original loan from SGSI has been deemed settled for accounting purposes, resulting in a gain on extinguishment of $18,416. 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.

The table below summarizes amounts owing to SGSI.

	December 31, 2017 ($)	**December 31, 2016 ($)**
Loan from SGSI (US$590,000) at fair value	625,021	757,050
Interest payable to SGSI	-	30,060
	625,021	**787,110**

11. Convertible loan payable- *continued*

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**
Deemed settlement of promissory note	(787,110)
Convertible promissory note restructured at fair value	684,986
Payments to principal	(37,232)
Accretion	27,339
Foreign exchange	(50,072)
Balance at December 31, 2017	**625,021**

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 embedded derivative financial liability	(71,215)
Foreign exchange	4,707
Balance at December 31, 2016	**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	(18,416)
Foreign exchange	(19,636)
Balance at December 31, 2017	**18,077**

12. Convertible debentures

On February 23, 2017 the Company entered into a non-brokered private placement of convertible debentures (“the Debentures”) and received gross proceeds of $2,035,000. 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. 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.

12. Convertible debentures - *continued*

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**

13. Share capital

(a) Common shares

Authorized – unlimited common shares without par value.

At December 31, 2017, the Company had 112,263,903 (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 the Company 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 $74,076 and issued finder's warrants for the purchase of up to 487,173 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.

On July 12, 2017, the Company issued 738,570 common shares with a value of $122,100 as a finder's fees in connection with the issuance of convertible debentures (note 12).

On August 3, 2017 the Company closed the second tranche of its 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 the Company 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 $1,200 and issued finder's warrants for the purchase of up to 8,000 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 $629.

On September 11, 2017 the Company closed the third tranche of its non-brokered private placement. Gross proceeds of $2,934,750 were raised from the sale of 19,565,000 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 the Company 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 $179,200 and issued finder's warrants for the purchase of up to 1,194,667 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 $106,731.

On November 17, 2017, the Company issued 29,304 common shares for proceeds of $4,396 pursuant to the exercise of finder's warrants.

During the year ended December 31, 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.

13. Share capital - *continued*

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

On November 1, 2016, the Company completed the second and final tranche of its non-brokered private placement through the issuance of 2,219,917 common shares at $0.30 per share for gross proceeds of $665,976. The Company also paid a finder's fee of $31,558 and issued finder's warrants for the purchase of up to 20,250 shares exercisable at $0.35 per share until November 2, 2017 and 64,695 shares exercisable at $0.30 per share until May 2, 2018. The warrants had a fair value of $6,693.

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

(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, 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**
Granted	7,470,000	0.18
Expired	(175,000)	0.20
Balance, December 31, 2017	**9,715,000**	**0.18**

13. Share capital - *continued*

A summary of the Company's share options outstanding and exercisable at December 31, 2017 and 2016 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)**
0.18	7,270,000	3.58	4,633,250	3.20
0.20	2,175,000	0.65	2,175,000	0.92
0.13	200,000	0.10	40,000	0.03
0.15	35,000	0.01	35,000	0.01
0.065	35,000	0.01	35,000	0.01
0.065-0.20	**9,715,000**	**4.34**	**6,918,250**	**4.16**

7,470,000 share options were granted during the year ended December 31, 2017, where 4,672,500 share options vested on the date of grant, 18,750 share options vested on December 31, 2017, 68,750 vest during the first quarter of 2018, 160,000 share options in total will vest every year from November 2018 to November 2021, and 1,275,000 share options will vest when Company's shares are trading at $0.50 per share during 3 consecutive days and 1,275,000 share options will vest when Company's trading at $0.80 per share during 3 consecutive days.

The fair value of share options granted with set vesting dates is estimated on the date of grant using the Black-Scholes Option Pricing Model with the following: expected price volatility of 121%, risk free interest rate of 1.70%, expected life of options of 4 years, and no dividend yield. Options which vest on market conditions were valued using the Binomial Method with the following: expected price volatility of 121%, risk free interest rate of 1.70%, expected life of options of 5 years, and no dividend yield. The fair value of all the options granted in 2017 was a total fair value of $1,040,902, of which $671,417 was recognized in the year ended December 31, 2017. Expected volatilities are based on the 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 interest rate is based on the Canadian government bond rate.

(c) Warrants

During the year, the Company issued warrants as part of its common share private placement and loan financings as follows:

In connection with bridge loans received by the Company in April 2017, 1,000,000 warrants were issued. These warrants have a term of one year and are exercisable at $0.20 per share. The warrants have a total fair value of $40,500.

In June 2017 12,699,634 warrants were issued as part of the first tranche of a non-brokered private placement. These warrants have a term of two years and are exercisable at $0.25 per share. The warrants were valued at $nil as the full value of the proceeds have been allocated to share capital using the residual method. In addition, a total of 487,173 warrants were issued as finders' fees with a term of two years and an exercise price of $0.15 per share. These finders' warrants have a total fair value of $49,059.

In August 2017 2,165,208 warrants were issued as part of the second tranche of a non-brokered private placement. These warrants have a term of two years and are exercisable at $0.25 per share. The warrants were valued a$nil as the full value of the proceeds have been allocated to share capital using the residual method. In addition, a total of 8,000 warrants were issued as finders' fees with a term of two years and an exercise price of $0.15 per share. These finders' warrants have a total fair value of $629.

13. Share capital - *continued*

In September 2017 19,565,000 warrants were issued as part of the third tranche of a non-brokered private placement. These warrants have a term of two years and are exercisable at $0.25 per share. The warrants were valued at $nil as the full value of the proceeds have been allocated to share capital using the residual. In addition, a total of 1,194,667 warrants were issued as finders' fees with a term of two years and an exercise price of $0.15 per share. These finders' warrants have a total fair value of $106,731.

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	**	0.16	9,788
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
	37,215,603					**213,400**

* 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 finder's 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.

During the year ended December 31, 2017 20,250 warrants expired.

In November, 2017, 29,304 finder's warrants were exercised for proceeds of $4,396.

The fair value of the finders' warrants and warrants issued in connection with the bridge loan are 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 interest rate 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%	2 years	nil
August 3, 2017	135%	1.23%	2 years	nil
September 8, 2017	131%	1.52%	2 years	nil
September 11, 2017	131%	1.54%	2 years	nil

13. 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**
Exercised	(29,304)	0.15
Cancelled	(300,000)	-
Granted	37,119,682	0.24
Expired	(20,250)	0.35
Balance, December 31, 2017	**37,215,603**	**0.24**

(d) Loss per share

	Year ended	
	December 31, 2017 ($)	December 31, 2016 ($)
Basic and diluted loss per share from continuing operations	(0.10)	(0.06)
Basic and diluted income per share from discontinued operations	-	-
Basic and diluted net loss per share	(0.10)	(0.06)
Net loss from continuing operations	(9,441,849)	(4,477,046)
Net income from discontinued operations	-	21,892
Net loss for the year	**(9,441,849)**	**(4,455,154)**

For the year ended December 31, 2017 there were 9,715,000 (2016 – 2,420,000) share options and 37,215,603 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.

(e) Escrow shares

As at December 31, 2017 30,339,212 (2016 - 46,125,005) shares originally issued to Organto Guatemala shareholders still in escrow.

(f) Elimination of non-controlling interest in subsidiaries

During the year ended December 31, 2017, the Company acquired the remaining shares obtained of its subsidiaries in Argentina and the Netherlands for no consideration and as a result, the carrying amounts of the non-controlling interests and the related accumulated other comprehensive income has been eliminated, resulting in a credit to equity in the amount of $288,871.

13. Share capital- *continued*

(g) 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
Accumulated 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, December 31, 2017	**671,417**	**235,471**	**416,420**	**-**	**176,093**	**660,869**	**2,160,270**

14. Supplemental cash flow information

	Year ended December 31, 2017 ($)	Year ended December 31, 2016 ($)
Changes in non-cash working capital		
Receivables	(389,020)	238,111
Inventories	89,182	79,200
Prepaid expenses	(388,229)	312,287
Accounts payable	288,889	1,012,933
Accrued liabilities	(52,112)	289,239
	(451,290)	1,931,770

15. Cost of sales

	Year ended December 31, 2017 ($)	Year ended December 31, 2016 ($)
Materials and transportation	692,818	520,221
Produce purchases	469,165	661,939
Salaries and benefits	371,359	310,168
Amortization (note 8)	427,309	147,948
Plant overhead	313,978	353,352
	2,274,629	**1,993,628**

16. Selling, general and administration expenses

	Year ended	
	December 31, 2017 ($)	**December 31, 2016 ($)**
Administrations and office	1,463,397	1,288,652
Professional fees	493,135	422,421
Travel	345,588	21,660
Bad debt expense	17,012	568,916
	2,319,132	**2,301,649**

17. Related party transactions

Pursuant to management services agreements, Columbus Gold provided management and administration services to the Company during the period December 1, 2015 through December 31, 2017 for 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 shown as follows:

	Year ended	
	December 31, 2017 ($)	**December 31, 2016 ($)**
Management fees paid or accrued to:		
Fresh Organics LLC, a Company owned by Marcus Meurs, the President and COO of the Company	269,159	282,632
Peter Gianulis, Executive Vice President, Corporate Development of the Company	186,424	175,730
MCC Holding B.V. a Company owned by Arnoud Maas, former CEO of the Company	216,187	-
Bromley Consulting & Advisory Inc. a Company owned by Steve Bromley, Chair of the Board of Directors	120,000	7,500
Alejandro Bottini, country manager Argentina	72,244	-
Andres Barresi, former COO of the Company	7,294	122,463
Brandal B.V., a company owned by Rients van der Wal, CEO in Europe	308,858	271,080
	1,180,166	**859,405**
Administration fees paid or accrued to Columbus Gold	306,600	125,000
Directors fees paid or accrued	-	72,000
	1,486,766	**1,056,405**

17. Related party transactions - *continued*

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

	December 31, 2017 ($)	December 31, 2016 ($)
Management fees advanced (payable) to Fresh Organics LLC	96,998	(12,775)
Loan due to Omega (note 9)	(372,148)	(500,419)
Due to Columbus Gold:		
to be settled in cash	(139)	(138,683)
to be settled in shares of Organto	(250,000)	-
Management fees and expense reimbursements payable to Peter Gianulis	(75,596)	(240,857)
Management fees payable to Andres Barresi	(98,762)	(90,973)
Directors fees included in accrued liabilities	(48,864)	(78,000)
Loan payable to Peter Gianulis (note 10)	-	(64,496)
Loan payable to CrediPresto, a corporation of which Javier Reyes, is a director of the Company, is a principal (note 10)	-	(118,439)
	(748,511)	**(1,244,642)**

18. 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 year ended December 31, 2017, and 5 customers during the year ended December 31, 2016.

Information by geographical areas is as follows:

	December 31, 2017 ($)	December 31, 2016 ($)
Current assets		
Canada	502,892	55,046
Guatemala	58,528	169,935
Argentina	41,219	57,276
Netherlands	611,877	95,417
	1,214,516	377,674
Non-current assets		
Guatemala	1,692,635	4,725,323
Netherlands	249,716	-
	1,942,351	4,725,323
Total assets		
Canada	502,892	55,046
Guatemala	1,751,163	4,895,258
Netherlands	861,593	95,417
Argentina	41,219	57,276
	3,156,867	**5,102,997**

18. Segmented information - *continued*

Significant customer sales are as follows:

		Year ended			
Customers	**Location of Customer**	**December 31, 2017 ($)**	**%**	**December 31, 2016 ($)**	**%**
Customer A	Europe	255,732	41	-	-
Customer B	Europe	254,128	41	-	-
Customer C	Europe	65,069	11	-	-
Customer D	USA	-	-	675,067	31
Customer E	Europe	-	-	483,645	22
Customer F	Europe	-	-	332,961	15
Customer G	Europe	-	-	250,019	12
Customer H	Europe	-	-	243,455	11
Others	Europe	17,605	7	170,063	9
		592,534	**100**	**2,155,210**	**100**

19. Financial risk and capital management

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments at December 31, 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 Company's primary exposure to credit risk is in its cash accounts and accounts receivable. Credit risk associated with accounts receivable is considered medium.

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 chartered banks in Canada, Guatemala, Argentina and Europe. The risk is assessed as low.

(b) Liquidity risk

Liquidity risk arises from the Company's general and capital financing needs. The Company manages liquidity risk by attempting to maintain sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short term obligations. As at December 31, 2017, the Company had a working capital deficiency of $2,842,417 (2016 - $4,072,903). Liquidity risk is assessed as high.

To date, the Company has been able to address any shortfalls in meeting its short term financial demands by turning to equity and debt markets to raise the funding necessary to continue operations. The Company will continue to rely on equity or debt financing until it is able to realize consistent profitable operating results. See note 1 for the going concern discussion.

(c) Market risks – interest rate

The Company is not exposed to interest rate risks as it does not have any debt subject to variable interest rates.

19. Financial risk and capital management- *continued*

Sensitivity analysis

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

As the Company's presentation currency is the Canadian Dollar, where foreign currency transactions such as the US Dollar, European Euro, Guatemalan Quetzal and Argentine Peso are converted into Canadian Dollars, changes in exchange rates between these currencies may have an effect on the Company's profit or loss and equity. A +/- 10% change in the exchange rate between those currencies and the Canadian Dollar can affect net loss by approximately $27,807.

Capital management

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

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

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

In order to facilitate the management of its capital requirements, the Company monitors working capital and cash flows regularly. There have been no changes to the Company's capital management policies and procedures since the end of the most recent fiscal year.

Fair value

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

The Company's embedded derivative financial liability's fair value is estimated each reporting date using the Black-Scholes Option Pricing Model that uses the following assumptions as at December 31, 2017: i) expected price volatility of 109%, ii) risk free interest rate of 1.21%, and iii) expected life of 0.5 year(s). Expected volatilities are based on historical volatility of the Company's shares, and other factors. The expected life of the embedded derivative financial liability represents the period of time that the financial instrument granted is expected to be outstanding. The risk-free rate of periods within the contractual life of the financial instrument is based on the Canadian government bond rate.

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

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

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies. The embedded derivative fair value estimate uses level 3 inputs.

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20. Income taxes

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

	Year ended	
	December 31, 2017 ($)	**December 31, 2016 ($)**
Net loss for the year	(9,441,849)	(4,455,154)
Statutory tax rate	26%	26%
Recovery of income taxes computed at statutory rates	(2,454,900)	(1,158,340)
Foreign tax differences, rate changes, FX	211,300	(51,000)
Expiry of non-capital losses carried forward	370,300	597,400
Non-deductible items	(146,500)	57,200
Share issue costs and other	(67,600)	1,298,940
Change in valuation allowance of deferred taxes	2,087,400	(744,200)
Income tax (recovery) expense	-	-

The Company has deductible temporary differences for which deferred tax assets have not been recognized due to the uncertainty of their recovery. The significant component of unrecognized deferred income tax assets at December 31, 2017 and 2016 are as follows:

	December 31, 2017 ($)	**December 31, 2016 ($)**
Net operating losses carried forward	2,765,900	1,377,100
Share issue costs	71,100	25,500
Equipment and other	677,000	-
Resource properties	-	24,100
Total unrecognized deferred income tax assets	**3,514,000**	**1,426,700**

The Company has non-capital losses in the tax jurisdictions in which it operates:

	($)
Canada - expires between 2030 and 2037	6,811,000
Netherlands (€160,200) - expires between 2025 and 2026	2,485,600
Argentina (ARS$ 2,134,800) - expires between 2021 and 2022	475,000
	9,771,600

20. Commitments

At December 31, 2017, 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	136,707	495,417	355,932	988,056
Management fees to Peter Gianulis	183,239	207,962	-	391,201
Management fees to Fresh Organics LLC	244,737	60,346	-	305,083
Management fees to MCC Holding B.V.	125,506	-	-	125,506
Loan payable to Omega S.A.	372,148	-	-	372,148
	1,062,337	**763,725**	**355,932**	**2,181,994**

21. Subsequent events

Bridge loan

During the period February 2018 through April 2018 the Company received approximately $820,000 in bridge loans from insider shareholders. The bridge loans are unsecured and have a term of one year. Interest rates range from 0% to 8% with any interest payable at the end of the one year term.