



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

**Condensed Interim Consolidated Financial Statements**  
**(Unaudited)**

**For the Three and Nine Months Ended**  
**September 30, 2017**

**(Stated in Canadian Dollars)**

## **NOTICE OF NO REVIEW BY AUDITOR**

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

**Organto Foods Inc.**

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

As at September 30, 2017 and December 31, 2016

(Expressed in Canadian Dollars)

	September 30, 2017 (\$)	December 31, 2016 (\$)
<b>Assets</b>		
Current assets		
Cash	2,257,086	26,230
Receivables (note 3)	214,715	53,237
Inventories (note 4)	340,732	246,723
Prepaid expenses	462,195	51,484
	<b>3,274,728</b>	<b>377,674</b>
Non-current assets		
Property, plant and equipment (note 5)	4,408,664	4,712,831
Other non-current assets	9,938	12,492
	<b>7,693,330</b>	<b>5,102,997</b>
<b>Liabilities and Shareholders' equity</b>		
Current liabilities		
Accounts payable (note 14)	1,877,142	2,212,356
Accrued liabilities (note 14)	266,890	440,090
Due to Omega S.A. (note 6)	474,333	500,419
Short-term loans payable (note 7)	-	302,558
Convertible loan payable (note 8)	592,366	787,110
Embedded derivative financial liability (note 8)	110,395	69,361
Due to Columbus Gold Corp. (note 14)	263,519	138,683
	<b>3,584,645</b>	<b>4,450,577</b>
Non-current liabilities		
Convertible debenture (note 9)	1,707,842	-
Derivative financial liability (note 9)	262,712	-
<b>Total liabilities</b>	<b>5,555,199</b>	<b>4,450,577</b>
Shareholders' equity		
Share capital (note 10)	10,964,711	6,000,631
Reserves	1,359,530	1,126,939
Deficit	(9,968,493)	(6,328,684)
<b>Equity attributable to shareholders of Organto Foods Inc.</b>	<b>2,355,748</b>	<b>798,886</b>
Non-controlling interests	(217,617)	(146,466)
<b>Total equity</b>	<b>2,138,131</b>	<b>652,420</b>
	<b>7,693,330</b>	<b>5,102,997</b>

Nature of operations and going concern (note 1)

Commitments (note 16)

Contingent liability (note 17)

Subsequent events (note 18)

**Approved by the Board of Directors***"Robert Giustra"*

Robert Giustra – Director

*"Steve Bromley"*

Steve Bromley – Director

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

**Organto Foods Inc.**

Condensed Interim Consolidated Statements of Loss (Unaudited)  
 For the Three and Nine Months Ended September 30, 2017 and 2016  
 (Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	September 30, 2017 (\$)	September 30, 2016 (\$)	September 30, 2017 (\$)	September 30, 2016 (\$)
Sales (note 15)	135,623	209,350	456,075	2,129,241
Cost of sales (note 12)	(534,750)	(295,998)	(1,485,932)	(1,977,577)
Gain (loss) on remeasurement of biological assets	(42,150)	-	170,554	-
Gross profit (loss)	(441,277)	(86,648)	(859,303)	151,664
Selling, general and administration expenses (note 13)	531,700	481,017	1,457,000	1,115,574
Management fees	302,340	263,321	863,746	654,862
Salaries and benefits	303,961	67,297	503,915	264,984
	(1,579,278)	(898,283)	(3,683,964)	(1,883,756)
Interest expense	(57,950)	(41,257)	(217,298)	(159,583)
Other income (expense)	44,296	-	(29)	-
Foreign exchange gain (loss)	54,380	(62,016)	53,835	(136,126)
Gain on derivative financial liability (note 9)	47,288	-	47,288	-
Gain (loss) on embedded derivative financial liability (note 8)	22,659	(63,755)	92,020	(72,929)
<b>Net loss from continuing operations</b>	<b>(1,468,605)</b>	<b>(1,065,311)</b>	<b>(3,708,148)</b>	<b>(2,252,394)</b>
<b>Net income from discontinued operations</b>	-	-	-	<b>21,892</b>
<b>Net loss for the period</b>	<b>(1,468,605)</b>	<b>(1,065,311)</b>	<b>(3,708,148)</b>	<b>(2,230,502)</b>
<b>Net loss attributable to:</b>				
Shareholders of Organto Foods Inc.	(1,467,806)	(1,047,678)	(3,639,809)	(2,210,609)
Non-controlling interest	(799)	(17,633)	(68,339)	(19,893)
	<b>(1,468,605)</b>	<b>(1,065,311)</b>	<b>(3,708,148)</b>	<b>(2,230,502)</b>
Earnings (loss) per share (note 10d)				
Basic and diluted from continuing operations	(0.02)	(0.01)	(0.04)	(0.03)
Basic and diluted from discontinued operations	0.00	0.00	0.00	0.00
Basic and diluted	(0.02)	(0.01)	(0.04)	(0.03)

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

**Organto Foods Inc.**

Consolidated Statements of Comprehensive Loss (Unaudited)

For the Three and Nine Months Ended September 30, 2017 and 2016

(Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	September 30, 2017 (\$)	September 30, 2016 (\$)	September 30, 2017 (\$)	September 30, 2016 (\$)
<b>Net loss for the period</b>	<b>(1,468,605)</b>	<b>(1,065,311)</b>	<b>(3,708,148)</b>	<b>(2,230,502)</b>
Other comprehensive loss for the period:				
Item(s) that may subsequently be re-classified to net Income or loss:				
Foreign currency translation	(134,032)	86,719	48,759	(96,875)
<b>Comprehensive loss for the period</b>	<b>(1,602,637)</b>	<b>(978,592)</b>	<b>(3,659,389)</b>	<b>(2,327,377)</b>
<b>Comprehensive loss attributable to:</b>				
Shareholders of Organto Foods Inc.	(1,597,932)	(960,759)	(3,588,238)	(2,307,272)
Non-controlling interest	(4,705)	(17,833)	(71,151)	(20,105)
	<b>(1,602,637)</b>	<b>(978,592)</b>	<b>(3,659,389)</b>	<b>(2,327,377)</b>

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

**Organto Foods Inc.**

Condensed Interim Consolidated Statements of Cash Flow (Unaudited)

For the Three and Nine Months Ended September 30, 2017 and 2016

(Expressed in Canadian Dollars)



	Three months ended		Nine months ended	
	September 30, 2017 (\$)	September 30, 2016 (\$)	September 30, 2017 (\$)	September 30, 2016 (\$)
<b>Operating activities</b>				
Net loss for the period from continuing operations	(1,468,605)	(1,065,311)	(3,708,148)	(2,252,394)
Items not involving cash				
Amortization (note 5)	96,402	85,642	286,179	423,731
Compensation shares	122,100	-	122,100	-
Share-based payments	-	-	72,500	-
Foreign currency transaction loss	191,394	97,217	137,576	169,651
Accrued interest expense	57,950	65,260	217,298	146,782
Loss (gain) on remeasurement of biological assets (note 4)	42,150	-	(170,554)	-
Gain on derivative financial liability (note 9)	(47,288)	-	(47,288)	-
Gain on embedded derivative financial liability (note 8)	(22,659)	-	(92,020)	-
Cash used in operating activities before changes in non-cash working capital	(1,028,556)	(817,192)	(3,182,357)	(1,512,230)
Changes in non-cash working capital (note 11)	(441,741)	264,401	(932,447)	787,834
Cash used in operating activities	(1,470,297)	(552,791)	(4,114,804)	(724,396)
<b>Investing activities</b>				
Property, plant and equipment	(92,833)	-	(114,139)	(24,495)
Proceeds from sale of Clanton Hills property	-	-	-	27,448
Other non-current assets	-	(4,270)	-	(4,270)
Cash used in investing activities	(92,833)	(4,270)	(114,139)	(1,317)
<b>Financing activities</b>				
Proceeds from private placements	3,219,531	443,911	5,164,476	533,884
Share issuance cost (note 10)	(180,400)	-	(254,476)	-
Proceeds from debentures issued	-	-	2,035,000	-
Interest paid	(110,539)	-	(116,032)	(13,487)
Proceeds received for planned private placement	-	39,502	-	39,502
Repayment of amounts due to Omega S.A. (note 6)	(98,068)	-	(98,068)	-
Repayment of short-term loan	(127,611)	(6,904)	(514,602)	-
Proceeds from short-term loan (note 7)	-	-	271,840	78,117
Repayment of convertible loan payable (note 8)	(18,524)	-	(18,524)	25,466
Proceeds from bridge loan	-	131,170	-	131,170
Proceeds from share options exercised	-	1,950	-	1,950
Cash from financing activities	2,684,389	609,629	6,469,614	796,602
Effect of foreign exchange on cash	(6,586)	(352)	(9,815)	(5,023)
Increase in cash	1,114,673	52,216	2,230,856	65,866
Cash, beginning of period	1,142,413	76,861	26,230	63,211
<b>Cash, end of period</b>	<b>2,257,086</b>	<b>129,077</b>	<b>2,257,086</b>	<b>129,077</b>

Supplemental cash flow information (note 11).

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

**Organto Foods Inc.**

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

For the Nine Months Ended September 30, 2017 and 2016

(Expressed in Canadian Dollars)

	Number of shares	Share capital (\$)	Shares to be issued (\$)	Reserves (\$)	Deficit (\$)	Non- controlling interests (\$)	Total (\$)
Balance at January 1, 2016	72,608,931	4,834,368	-	1,215,087	(2,026,262)	-	4,023,193
Contributions from non-controlling interest	-	-	-	-	-	26,262	26,262
Proceeds received from private placement	1,840,143	552,043	-	-	-	-	552,043
Share issuance costs	-	(27,947)	-	9,788	-	-	(18,159)
Share options exercised	30,000	3,363	-	(1,413)	-	-	1,950
Proceeds received for planned private placement	-	-	39,502	-	-	-	39,502
Comprehensive loss for the period	-	-	-	(96,663)	(2,210,609)	(20,105)	(2,327,377)
<b>Balance at September 30, 2016</b>	<b>74,479,074</b>	<b>5,361,827</b>	<b>39,502</b>	<b>1,126,799</b>	<b>(4,236,871)</b>	<b>6,157</b>	<b>2,297,414</b>
Balance at January 1, 2017	76,771,801	6,000,631	-	1,126,939	(6,328,684)	(146,466)	652,420
Proceeds received from private placement (note 10a)	34,429,842	5,164,476	-	-	-	-	5,164,476
Share Issuance costs (note 10a)	-	(394,996)	-	140,520	-	-	(254,476)
Compensation shares (note 10a)	738,570	122,100	-	-	-	-	122,100
Share-based payments (note 10a)	294,386	72,500	-	-	-	-	72,500
Warrants (note 10c)	-	-	-	40,500	-	-	40,500
Comprehensive loss for the period	-	-	-	51,571	(3,639,809)	(71,151)	(3,659,389)
<b>Balance at September 30, 2017</b>	<b>112,234,599</b>	<b>10,964,711</b>	<b>-</b>	<b>1,359,530</b>	<b>(9,968,493)</b>	<b>(217,617)</b>	<b>2,138,131</b>

The accompanying notes are an integral part of these condensed interim 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. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSXV") and are traded under the stock symbol "OGO". The Company's principal business activity is the sourcing, processing, packaging and distribution of organic and specialty food products with a focus on branded organic value added vegetables. The Company has growing and processing operations in Guatemala and agreements with strategic third party growers in South America and Africa, with office locations in Vancouver, British Columbia, Miami, Florida and the Netherlands.

These condensed interim consolidated financial statements have been prepared on a going concern basis which implies that the Company will continue realizing its assets and discharging its liabilities in the normal course of business for the foreseeable future. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values of assets and liabilities may be required. The operations of the Company were primarily funded by the issue of share capital, short-term loans and convertible loans. At September 30, 2017, the Company had a working capital deficiency of \$309,917 (December 31, 2016 – \$4,072,903) and an accumulated deficit of \$9,928,493 (December 31, 2016 - \$6,328,684). Accordingly, the ability of the Company to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to obtain additional financing as needed, and ultimately on generating future profitable operations. The factors described may cast significant doubt about the Company's ability to continue as a going concern.

The Company's head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, Canada.

**2. Basis of presentation**

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

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on November 28, 2017.

**3. Receivables**

	September 30, 2017 (\$)	December 31, 2016 (\$)
Trade receivables	470,208	444,626
Other receivables	173,181	53,237
	643,389	497,863
Allowance for doubtful amounts	(428,674)	(444,626)
	<b>214,715</b>	<b>53,237</b>

**Organto Foods Inc.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Nine Months Ended September 30, 2017 and 2016

(Expressed in Canadian Dollars)

**4. Inventories**

	September 30, 2017 (\$)	December 31, 2016 (\$)
Packing material	125,934	186,587
Agricultural inputs	28,163	52,663
Biological assets	176,970	7,473
Finished goods	9,665	-
	<b>340,732</b>	<b>246,723</b>

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

	(\$)
Balance, January 1, 2015	-
Initial recognition and changes in fair value	7,473
<b>Balance, December 31, 2016</b>	<b>7,473</b>
Initial recognition and changes in fair value	169,497
<b>Balance, September 30, 2017</b>	<b>176,970</b>

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

**5. Property, plant and equipment**

	Buildings (\$)	Machinery & equipment (\$)	Furniture and other (\$)	Land (\$)	Construction in progress (\$)	Total (\$)
<b>Cost</b>						
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)
<b>At December 31, 2016</b>	<b>2,143,948</b>	<b>2,881,939</b>	<b>117,499</b>	<b>110,382</b>	<b>116,088</b>	<b>5,369,856</b>
Additions	-	173,995	2,538	-	-	176,533
Dispositions	(143,944)	(23,037)	-	-	(58,375)	(225,356)
Foreign exchange	12,511	6,460	9,570	604	1,934	31,079
<b>At September 30, 2017</b>	<b>2,012,515</b>	<b>3,039,357</b>	<b>129,607</b>	<b>110,986</b>	<b>59,647</b>	<b>5,352,112</b>
<b>Accumulated amortization</b>						
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
<b>At December 31, 2016</b>	<b>(194,571)</b>	<b>(449,796)</b>	<b>(12,658)</b>	<b>-</b>	<b>-</b>	<b>(657,025)</b>
Amortization for the period	(95,410)	(166,200)	(24,569)	-	-	(286,179)
Dispositions	20,818	-	-	-	-	20,818
Foreign exchange	(7,705)	(11,760)	(1,597)	-	-	(21,062)
<b>At September 30, 2017</b>	<b>(276,868)</b>	<b>(627,756)</b>	<b>(38,824)</b>	<b>-</b>	<b>-</b>	<b>(943,448)</b>
<b>Net book value</b>						
<b>At December 31, 2016</b>	<b>1,949,377</b>	<b>2,432,143</b>	<b>104,841</b>	<b>110,382</b>	<b>116,088</b>	<b>4,712,831</b>
<b>At September 30, 2017</b>	<b>1,735,647</b>	<b>2,411,601</b>	<b>90,783</b>	<b>110,986</b>	<b>59,647</b>	<b>4,408,664</b>

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

**6. 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 \$322,958 (US\$242,844), which accrued interest at 8.5% per annum and was due on October 31, 2016. During 2015, Omega advanced an additional \$65,453 (Guatemalan Quetzals ("Q") Q400,050), with an interest rate of 42% per annum, and another \$38,329 (US\$28,821), interest free.

A payment of \$37,391 (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 3<sup>rd</sup> party included in accounts payable and accrued liabilities, on the following payment terms:

- \$109,341 (US\$87,500) on July 28, 2017 (paid);
- \$34,249 (US\$27,500) per month, from August 2017 to October 2018; and
- \$28,953 (US\$23,248) on November 15, 2018.

Interest accrues at 24% per annum for late payments.

As a result of a settlement agreement with Omega, the Company recorded a gain of \$71,843.

**Organto Foods Inc.**

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Nine Months Ended September 30, 2017 and 2016

(Expressed in Canadian Dollars)

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

The tables below summarize amounts owing to Omega:

	September 30, 2017 (\$)	December 31, 2016 (\$)
Settlement agreement with Omega	474,333	-
Loan from Omega (US\$242,800)	-	326,067
Advance from Omega (Q400,050) for working capital, 42% interest	-	63,973
Advance from Omega (US\$28,821), interest free	-	38,698
Interest payable to Omega	-	71,681
	<b>474,333</b>	<b>500,419</b>

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)
<b>Balance at December 31, 2016</b>	<b>500,419</b>
Other 3 <sup>rd</sup> party liability included in settlement agreement	145,902
Interest expense	11,578
Gain from debt settlement	(71,843)
Payments	(98,068)
Foreign exchange	(13,655)
<b>Balance at September 30, 2017</b>	<b>474,333</b>

**7. Short-term loans payable**

On July 19, 2016, the Company restructured previous loans (the "Original CrediPresto Loans") from CrediPresto SAPI de C.V., SOFOM, E.N.R. ("CrediPresto"), the principal of which is Javier Reyes, a director of the Company, into a new loan (the "New CrediPresto Loan") with a principal of \$105,672 (US\$81,430), due on September 30, 2017, accruing interest at 18% per annum. On August 3, 2017, the Company repaid \$124,781 (US\$95,388) to CrediPresto, representing full repayment 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 (note 10c). 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.

**7. Short-term loans payable - continued**

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

	September 30, 2017 (\$)	December 31, 2016 (\$)
Bridge loans	-	114,129
Interest and accretion on bridge loans	-	5,494
Loan from CrediPresto (note 14)	-	109,337
Interest payable to CrediPresto (note 14)	-	9,102
Loans from Peter Gianulis (note 14)	-	64,496
	-	<b>302,558</b>

A continuity of the balances is shown below:

	(\$)
Balance at January 1, 2016	114,657
Interest payment on the Original CrediPresto loans (US\$3,450)	(4,735)
Repayment of principal on the Original CrediPresto loans (US\$30,050)	(40,373)
Original CrediPresto loans (US\$18,000)	24,703
Loan from Peter Gianulis	64,496
Interest expense	26,457
Fair value of bridge loans (US\$85,000)	114,129
Foreign exchange	3,224
<b>Balance at December 31, 2016</b>	<b>302,558</b>
Fair value of new bridge loans (US\$170,000)	229,500
Repayment of loan to Peter Gianulis	(64,496)
Repayment of bridge loan	(388,908)
Fair value loss on repayment of bridge loan	45,279
Repayment CrediPresto loan	(106,477)
Interest expense – CrediPresto	11,204
Interest expense – Bridge loans	7,900
Accretion expense on bridge loans	16,411
Interest paid CrediPresto	(18,303)
Interest paid bridge loans	(19,061)
Foreign exchange	(15,607)
<b>Balance at September 30, 2017</b>	<b>-</b>

**8. Convertible loan payable**

On March 30, 2016, the Company entered into a secured convertible promissory note with SG Strategic Income Limited (“SGSI”) pursuant to which SGSI agreed to lend the Company \$784,641 (US\$590,000) until March 30, 2017. Outstanding amounts incur interest at a rate of 5% annually and are secured by a first charge on the Company’s assets in Guatemala. SGSI had advanced to the Company \$757,458 (US\$558,000) during fiscal 2015, prior to finalizing the terms of the loan. Upon finalization of the terms of the loan, outstanding interest to March 30, 2016 of \$16,846 (US\$12,275) was repaid and the remaining balance of the promissory note was received \$41,078 (US\$32,000). A payment of \$47,755 (US\$36,800) was made during July 2017, to SGSI to settle interest payable up to and including June 30, 2017.

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

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

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

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

In accordance with IFRS, the original loan from SGSI has been deemed settled for accounting purposes, and accordingly, the restructured loan has been recognized at fair value of \$656,473 (US\$519,538), and the conversion option recognized at fair value of \$89,034 (US\$70,462), classified as embedded derivative financial liability. 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 is being accreted to the face value of the loan over the one year term using the effective interest rate method.

The tables below summarizes amounts owing to SGSI.

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
	(\$)	(\$)
Loan from SGSI (US\$590,000) at fair value	592,366	757,050
Interest payable to SGSI	-	30,060
	<b>592,366</b>	<b>787,110</b>

**8. 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)
<b>Balance at December 31, 2016</b>	<b>787,110</b>
Deemed settlement of promissory note	(787,110)
Convertible promissory note restructured at fair value	656,473
Payments to principal	(18,522)
Interest paid	(57,016)
Accretion	18,729
Interest	21,212
Foreign exchange	(28,510)
<b>Balance at September 30, 2017</b>	<b>592,366</b>

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

	(\$)
January 1, 2016	-
Recognition of embedded derivative financial liability on SGSI promissory note	127,347
Fair value of conversion option of additional loan received	8,522
Gain on revaluation	(71,215)
Foreign exchange	4,707
<b>Balance at December 31, 2016</b>	<b>69,361</b>
Expiry of conversion option	(69,361)
Recognition of embedded derivative financial liability on SGSI promissory note	89,034
Loss on revaluation	22,659
Foreign exchange	(1,298)
<b>Balance at September 30, 2017</b>	<b>110,395</b>

**9. Convertible debentures**

On February 23, 2017 the Company entered into a non-brokered convertible debenture private placement and received \$2,035,000. The convertible debentures (the "Debentures") are unsecured, have a term of three years beginning on June 8, 2017, and bear interest of 8% annually, payable in arrears starting one year after the date of issuance. Holders may elect to convert the principal amount of their Debentures into common shares at a price of \$0.35 per share until June 8, 2020. The Company has issued common shares equivalent to \$122,100 (738,570 shares) as compensation pursuant to the placement of these debentures.

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

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**9. Convertible debentures - continued**

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

	September 30, 2017 (\$)	December 31, 2016 (\$)
Convertible debentures	1,707,842	-
Derivative financial liability	262,712	-
	<b>1,970,554</b>	<b>-</b>

A continuity of the balance is shown below:

	(\$)
Balance at January 1, 2017	-
Convertible debentures	1,725,000
Financing costs	(103,500)
Accretion	35,495
Interest	50,847
<b>Balance at September 30, 2017</b>	<b>1,707,842</b>

A continuity of the derivative financial liability is shown below:

	(\$)
Balance at January 1, 2017	-
Recognition of derivative financial liability	310,000
Revaluation of derivative financial liability at fair value	(47,288)
<b>Balance at September 30, 2017</b>	<b>262,712</b>

**10. Share capital**

## (a) Common shares

Authorized – unlimited common shares without par value.

At September 30, 2017, the Company had 112,234,599 (December 31, 2016 – 76,771,801) common shares issued and outstanding.

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 Organto exercisable at a price of \$0.25 for a period of 24 months from the closing date. The Company paid a finder's fee of \$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 \$90,832

**10. Share capital - continued**

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 Organto exercisable at a price of \$0.25 for a period of 24 months from the closing date. The Company paid a finder's fee of \$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 July 12, 2017, the Company issued 738,570 common shares to Mont Blanc Asset Management Ltd., pursuant to the issuance of convertible debentures as detailed in note 9.

On June 20, 2017 the Company closed the first tranche of its non-brokered private placement. Gross proceeds of \$1,904,945 were raised from the sale of 12,699,634 units at a price of \$0.15 per unit. Each unit consists of one common share and one transferrable warrant to purchase one additional common share of Organto exercisable at a price of \$0.25 for a period of 24 months from the closing date. The Company paid a finder's fee of \$74,076 and issued finder's warrants for the purchase of up to 487,773 shares exercisable for a period of 24 months from closing at a price of \$0.15 per warrant share. The warrants had a fair value of \$49,059.

During the nine months ended September 30, 2017, the Company issued 294,386 common shares with a value of \$72,500 as compensation for consulting services. Such shares were issued at prices corresponding to the month in which the services were provided based on the 20 day volume weighted average closing price of the common shares of the Company.

During the nine months ended September 30, 2017, the Company issued 738,570 common shares with a value of \$122,100 as finder's fees in connection with convertible debentures issued (note 9).

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

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.

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

**(b) 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.

**10. Share capital - continued**

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

	Number of options	Weighted average exercise price (\$)
<b>Balance, January 1, 2016</b>	<b>4,800,000</b>	<b>0.20</b>
Granted	25,000	0.30
Exercised	(30,000)	0.065
Forfeited	(1,775,000)	0.20
Cancelled	(600,000)	0.20
<b>Balance, December 31, 2016</b>	<b>2,420,000</b>	<b>0.20</b>
Expired	(175,000)	0.20
<b>Balance, September 30, 2017</b>	<b>2,245,000</b>	<b>0.20</b>

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

Exercise price (\$)	Options outstanding		Options exercisable	
	Number of options outstanding	Weighted average remaining contractual life (years)	Number of options exercisable	Weighted average remaining contractual life (years)
0.065	35,000	1.22	35,000	1.22
0.15	35,000	2.10	35,000	2.10
0.20	2,175,000	3.17	2,175,000	3.17
<b>0.065-0.20</b>	<b>2,245,000</b>	<b>3.12</b>	<b>2,245,000</b>	<b>3.12</b>

During the nine months ended at September 30, 2017, 175,000 (2016 - nil) share options expired.

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

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

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

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

**10. Share capital - continued**

## (c) Warrants

On September 11, 2017 the Company closed the third tranche of a 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 Organto exercisable at a price of \$0.25 for a period of 24 months from the closing date. The warrants have a total fair value of \$nil as the value of the proceeds have been allocated to share capital.

On September 11, 2017 the Company granted 1,194,667 warrants to third parties as finders' fees, in connection with private placements of the Company's common shares. The warrants have a total fair value of \$90,832.

On August 3, 2017 the Company closed the second tranche of a non-brokered private placement. Gross proceeds of \$324,781 were raised from the sale of 2,165,208 units at a price of \$0.15 per unit. Each unit consists of one common share and one transferrable warrant to purchase one additional common share of Organto exercisable at a price of \$0.25 for a period of 24 months from the closing date. The warrants have a total fair value of \$nil as the value of the proceeds have been allocated to share capital.

On August 3, 2017 the Company granted 8,000 warrants to third parties as finders' fees, in connection with private placements of the Company's common shares. The warrants have a total fair value of \$629.

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

On June 20, 2017 the Company granted 487,773 warrants to third parties as finders' fees, in connection with private placements of the Company's common shares. The warrants have a total fair value of \$49,059.

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

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

On October 24, 2016, the Company granted 300,000 warrants in connection with loans payable with a fair value of \$20,200. These 300,000 warrants were cancelled with issuance of new warrants under the new bridge loans dated April 25, 2017 (note 7).

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**10. Share capital - continued**

Warrants are exercisable as follows:

<b>Grant date</b>	<b>Number of warrants</b>	<b>Exercise Price (\$)</b>	<b>Expiration Date</b>	<b>Fair value per warrant (\$)</b>	<b>Total fair value (\$)</b>
September 1, 2016	60,530	0.30	January 28, 2018	0.16	9,788
November 1, 2016	20,250	0.35	November 2, 2017	0.09	1,871
November 1, 2016	64,695	0.30	May 2, 2018	0.10	6,693
April 25, 2017	1,000,000	0.20	April 24, 2018	0.04	40,500
June 20, 2017	12,699,634	0.25	June 20, 2019	-	-
June 20, 2017	487,173	0.15	June 20, 2019	0.10	49,059
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	90,832
	<b>37,265,157</b>				<b>199,372</b>

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

<b>Grant date</b>	<b>Expected price volatility</b>	<b>Risk free interest rate</b>	<b>Expected life of warrants</b>	<b>Expected dividend yield</b>
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 year	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

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

	<b>Number of warrants</b>	<b>Weighted average exercise price (\$)</b>
Balance, January 1, 2016	-	-
Granted	445,475	0.30
<b>Balance, December 31, 2016</b>	<b>445,475</b>	<b>0.30</b>
Cancelled	(300,000)	-
Granted	37,119,682	0.24
<b>Balance, September 30, 2017</b>	<b>37,265,157</b>	<b>0.24</b>

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**10. Share capital - continued**

(d) Earnings (loss) per share

	Three months ended		Nine months ended	
	September 30, 2017 (\$)	September 30, 2016 (\$)	September 30, 2017 (\$)	September 30, 2016 (\$)
Basic and diluted loss per share from continuing operations	(0.02)	(0.01)	(0.04)	(0.03)
Basic and diluted loss per share from discontinued operations	0.00	0.00	0.00	0.00
Basic and diluted loss per share	(0.02)	(0.01)	(0.04)	(0.03)
Loss from continuing operations	(1,468,605)	(1,065,311)	(3,708,148)	(2,252,394)
Income from discontinued operations	-	-	-	21,892
<b>Net loss for the period</b>	<b>(1,468,605)</b>	<b>(1,065,311)</b>	<b>(3,708,148)</b>	<b>(2,230,502)</b>

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Shares outstanding, beginning of period	89,765,821	72,608,931	76,771,801	72,608,931
Private placements	6,082,035	1,360,106	6,841,061	-
Share - based payments	650,263	-	380,824	456,678
Share options exercised	-	10,109	-	3,394
<b>Basic and diluted weighted average number of shares outstanding</b>	<b>96,498,119</b>	<b>73,979,146</b>	<b>83,993,686</b>	<b>73,069,003</b>

For the nine months ended September 30, 2017 there were 2,245,000 (2016 – 4,170,000) share options and 37,265,157 warrants (2016 – 60,530) 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 September 30, 2017, 33,237,534 (December 31, 2016 - 46,125,005) shares originally issued to Organto Guatemala shareholders remain in escrow.

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**11. Supplemental cash flow information**

	Three months ended		Nine months ended	
	September 30, 2017 (\$)	September 30, 2016 (\$)	September 30, 2017 (\$)	September 30, 2016 (\$)
Changes in non-cash working capital				
Receivables	55,279	58,636	(161,478)	(380,898)
Inventories	1,705	(174,648)	76,625	(89,442)
Prepaid expenses	(198,221)	134,853	(408,157)	325,225
Accounts payable	(156,305)	270,791	(352,139)	795,804
Accrued liabilities	(144,199)	(25,231)	(87,298)	137,145
	<b>(441,741)</b>	<b>264,401</b>	<b>(932,447)</b>	<b>787,834</b>

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

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

**12. Cost of sales**

	Three months ended		Nine months ended	
	September 30, 2017 (\$)	September 30, 2016 (\$)	September 30, 2017 (\$)	September 30, 2016 (\$)
Materials and transportation	265,607	190,070	728,943	1,315,739
Salaries and benefits	102,383	-	260,882	182,510
Amortization (note 5)	96,402	85,642	286,179	423,731
Plant overhead	70,358	20,286	209,928	55,597
	<b>534,750</b>	<b>295,998</b>	<b>1,485,932</b>	<b>1,977,577</b>

**13. Selling, general and administration expenses**

	Three months ended		Nine months ended	
	September 30, 2017 (\$)	September 30, 2016 (\$)	September 30, 2017 (\$)	September 30, 2016 (\$)
Administrations and office	334,766	355,743	959,618	740,238
Professional fees	90,942	75,826	244,125	259,790
Investor relations	525	28,662	28,453	56,050
Director fees	18,000	18,000	54,000	54,000
Travel	87,467	2,786	170,804	5,496
	<b>531,700</b>	<b>481,017</b>	<b>1,457,000</b>	<b>1,115,574</b>

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**14. Related party transactions**

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

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

	Three months ended		Nine months ended	
	September 30, 2017 (\$)	September 30, 2016 (\$)	September 30, 2017 (\$)	September 30, 2016 (\$)
Management fees paid or accrued to Fresh Organics LLC, a Company owned by Marcus Meurs, the President and COO of the Company	61,160	79,902	201,412	181,404
Management fees paid or accrued to Peter Gianulis, Executive Vice President, Corporate Development of the Company	45,015	78,580	140,512	192,082
Management fees paid or accrued to MCC Holding B.V. a Company owned by Arnoud Maas, CEO of the Company	75,316	-	128,436	-
Management fees paid or accrued to Brandal B.V., a Company owned by Rients van der Wal, a former director of the Company's subsidiary	59,222	65,551	232,568	199,170
Management fees paid or accrued to Andres Barresi, former COO of the Company	-	39,288	7,293	82,206
Administration fees paid or accrued to Columbus Gold	76,800	30,000	229,800	95,000
Directors fees paid or accrued	18,000	18,000	54,000	54,000
	<b>335,513</b>	<b>311,321</b>	<b>994,021</b>	<b>803,862</b>

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

	September 30, 2017 (\$)	December 31, 2016 (\$)
Due to Omega S.A. (note 6)	474,333	500,419
Due to Columbus Gold		
to be settled in cash	23,519	138,683
to be settled in shares of Organto	240,000	-
Loan payable to CrediPresto, a corporation of which Javier Reyes, a director of the Company, is a principal (note 7)	-	118,439
Management fees payable to Andres Barresi	98,003	98,294
Management fees and expense reimbursements payable to Peter Gianulis	94,586	240,857
Loan payable to Peter Gianulis (note 7)	-	64,496
Management fees payable and (advances) to Fresh Organics	(112,227)	12,775
Directors fees included in accrued liabilities	102,864	78,000
	<b>921,078</b>	<b>1,251,963</b>

**15. Segmented information**

The Company has one reportable business segment, being the sourcing, processing, packaging and distribution of organic and specialty food products. All sales were made to 3 customers during the nine months ended September 30, 2017, and 6 customers during the nine months ended September 30, 2016.

Significant customer sales are as follows:

Customer	Location of Customer	Three months ended				Nine months ended			
		September 30, 2017 (\$)	%	September 30, 2016 (\$)	%	September 30, 2017 (\$)	%	September 30, 2016 (\$)	%
Customer A	Europe	46,909	35%	-	-	203,189	45%	-	-
Customer B	Europe	75,235	55%	-	-	231,905	51%	-	-
Customer C	USA	-	-	-	-	-	-	701,512	33%
Customer D	Europe	-	-	24,473	12%	-	-	444,726	21%
Customer E	Europe	-	-	103,711	49%	-	-	318,280	15%
Customer F	Europe	-	-	1,639	1%	-	-	242,903	11%
Customer G	Europe	-	-	-	-	-	-	227,991	11%
Customer H	Europe	-	-	3,671	2%	-	-	82,897	4%
Customer I (others)	Europe	13,479	10%	75,856	36%	20,981	4%	110,932	5%
		<b>135,623</b>	<b>100%</b>	<b>209,350</b>	<b>100%</b>	<b>456,075</b>	<b>100%</b>	<b>2,129,241</b>	<b>100%</b>

Information by geographical areas is as follows:

	September 30, 2017 (\$)	December 31, 2016 (\$)
<b>Current assets</b>		
Canada	2,464,185	55,046
Guatemala	331,807	169,935
Argentina	47,911	57,276
Netherlands	430,825	95,417
	<b>3,274,728</b>	<b>377,674</b>
<b>Non-current assets</b>		
Guatemala	4,270,964	4,725,323
Netherlands	147,638	-
	<b>4,418,602</b>	<b>4,725,323</b>
<b>Total assets</b>		
Canada	2,461,85	55,046
Guatemala	4,602,771	4,895,258
Argentina	47,911	57,276
Netherlands	578,463	95,417
	<b>7,693,330</b>	<b>5,102,997</b>

**16. Commitments**

At September 30, 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	135,656	495,375	383,621	1,014,652
Management fees to Arnoud Maas, CEO of the Company (note 14)	303,050	-	-	303,050
Management fees to Fresh Organics LLC (note 14)	242,855	121,095	-	363,950
Management fees to Peter Gianulis (note 14)	181,830	251,566	-	433,396
Services agreement with Columbus Gold (note 14)	76,800	-	-	76,800
Due to Omega S.A.	410,985	63,202	-	474,187
	<b>1,351,176</b>	<b>931,238</b>	<b>383,621</b>	<b>2,666,035</b>

**17. Contingent liability**

On February 9, 2017, the Company received a letter from Guatemala's Sacatepequez Department Civil Court, notifying a claim in progress brought forth by a 3rd party. The claim is in connection with the purchase and sale of land in Guatemala, in the amount of approximately \$80,198 (Q\$461,312) plus accrued interest and certain legal fees. The Company subsequently negotiated with the 3rd party to settle the claim by voluntarily returning the land to the 3rd party. As at September 30, 2017, the Company recorded \$81,400 (Q\$468,233) in Accounts Payable in connection with this claim, and accrued additional interest of \$50,524 (Q\$290,626) accrued liabilities.

**18. Subsequent event**

On October 10, 2017 the company granted incentive stock options to certain of its 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. The fair value of the share options is approximately \$653,527. All of the foregoing options expire on October 10, 2022.