



Organto Foods Inc.

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

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

**For the Nine Months Ended
September 30, 2018**

(Stated in Canadian Dollars)

NOTICE OF NO REVIEW BY AUDITOR

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* of The Canadian Securities Administrators we hereby give notice that our condensed interim consolidated financial statements for the nine months ended September 30, 2018, which follow this notice, have not been reviewed by an auditor.

Organto Foods Inc.

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

(Expressed in Canadian Dollars)



	September 30, 2017 (\$)	December 31, 2017 (\$)
Assets		
Current assets		
Cash	33,249	172,025
Receivables (note 3)	510,300	442,257
Inventories (note 4)	184,972	157,541
Prepaid expenses (note 5)	519,205	442,693
	1,247,726	1,214,516
Non-current assets		
Property, plant and equipment (note 6)	1,616,470	1,932,836
Other non-current assets	16,022	9,515
	2,880,218	3,156,867
Liabilities and equity (deficit)		
Current liabilities		
Accounts payable	2,524,057	2,550,036
Accrued liabilities	286,142	241,512
Loan due to Omega S.A. (note 7)	295,467	372,148
Loans payable (note 8)	815,740	-
Convertible loan payable (note 9)	-	625,021
Embedded derivative financial liability (note 9)	-	18,077
Due to Columbus Gold Corp. (note 14)	300,000	250,139
Accrued interest on convertible debenture (note 10)	-	91,882
	4,221,406	4,148,815
Non-current liabilities		
Convertible debenture (note 10)	-	1,572,230
Total liabilities	4,221,406	5,721,045
Equity (deficit)		
Share capital (note 11)	15,570,080	10,953,208
Reserves (note 11f)	2,133,979	2,160,270
Deficit	(19,045,247)	(15,677,656)
Total deficit	(1,341,188)	(2,564,178)
	2,880,218	3,156,867

Nature of operations and going concern (note 1)

Commitments (note 16)

Subsequent events (note 17)

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

Steve Bromley – Director

"Jeff Klenda"

Jeff Klenda – Director

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

Organto Foods Inc.

Condensed Interim Consolidated Statements of Loss (Unaudited)

(Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	September 30, 2018 (\$)	September 30, 2017 (\$)	September 30, 2018 (\$)	September 30, 2017 (\$)
Sales (note 15)	444,259	135,623	468,302	456,075
Cost of sales (note 12)	(432,838)	(534,750)	(727,195)	(1,485,932)
Gain (loss) on remeasurement of biological assets	-	(42,150)	-	170,554
Gross profit (loss)	11,421	(441,277)	(258,893)	(859,303)
Selling, general and administration expenses (note 13)	249,804	531,700	1,047,730	1,457,000
Management fees	127,474	302,340	456,684	863,746
Salaries and benefits	215,363	303,961	962,888	503,915
Stock-based compensation	2,035	-	17,448	-
	(583,255)	(1,579,278)	(2,743,643)	(3,683,964)
Interest expense and accretion	(458,402)	(57,950)	(830,867)	(217,298)
Other income (expense)	142,700	44,296	179,728	(29)
Foreign exchange gain	34,836	54,380	9,242	53,835
Gain on embedded derivative financial liability (note 9)	-	69,947	17,949	139,308
Net loss for the period	(864,121)	(1,468,605)	(3,367,591)	(3,708,148)
Net loss attributable to:				
Shareholders of Organto Foods Inc.	(864,121)	(1,468,601)	(3,367,591)	(3,639,809)
Non-controlling interest	-	(4)	-	(68,339)
	(864,121)	(1,468,605)	(3,367,591)	(3,708,148)
Earnings (loss) per share (note 10d)				
Basic and diluted	(0.01)	(0.02)	(0.03)	(0.04)

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

Organto Foods Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss (Unaudited)
 (Expressed in Canadian Dollars)



	Three months ended		Nine months ended	
	September 30, 2018 (\$)	September 30, 2017 (\$)	September 30, 2018 (\$)	September 30, 2017 (\$)
Net loss for the period	(864,121)	(1,468,605)	(3,367,591)	(3,708,148)
Other comprehensive income (loss) for the period:				
Items that may subsequently be re-classified to income or loss:				
Foreign currency translation	(40,129)	(134,032)	(43,739)	48,759
Comprehensive loss for the period	(904,250)	(1,602,637)	(3,411,330)	(3,659,389)
Comprehensive loss attributable to:				
Shareholders of Organto Foods Inc.	(904,250)	(1,597,932)	(3,411,330)	(3,588,238)
Non-controlling interests	-	(4,705)	-	(71,151)
	(904,250)	(1,602,637)	(3,411,330)	(3,659,389)

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

Organto Foods Inc.

Condensed Interim Consolidated Statements of Cash Flows (Unaudited)

(Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	September 30, 2018 (\$)	September 30, 2017 (\$)	September 30, 2018 (\$)	September 30, 2017 (\$)
Operating activities				
Net loss for the period	(864,121)	(1,468,605)	(3,367,592)	(3,708,148)
Items not involving cash:				
Amortization	75,048	96,402	185,808	286,179
Share-based payments	-	-	-	72,500
Accrued interest expense and accretion	458,473	81,156	774,085	217,298
Other income	(105,134)	-	(105,134)	-
Foreign currency translation loss (gain)	(86,551)	173,672	(59,111)	137,576
Loss (gain) on remeasurement of biological assets	-	42,150	-	(170,554)
Gain on embedded derivative financial liability	-	(69,947)	(17,949)	(139,308)
Stock-based compensation	2,035	122,100	17,448	122,100
Cash used in operating activities before changes in non-cash working capital	(520,250)	(1,023,072)	(2,572,445)	(3,182,357)
Changes in non-cash working capital:				
Receivables	(359,683)	55,279	(68,043)	(161,478)
Inventories	(36,202)	1,705	(27,431)	76,625
Prepaid expenses	(89,693)	(198,221)	(83,018)	(408,157)
Accounts payable	(96,960)	(156,305)	199,421	(352,139)
Accrued liabilities	113,078	(144,199)	133,312	(87,298)
Cash used in operating activities	(989,710)	(1,464,813)	(2,418,204)	(4,114,804)
Investing activities				
Property, plant and equipment	-	(92,833)	-	(114,139)
Cash used in investing activities	-	(92,833)	-	(114,139)
Financing activities				
Proceeds from private placements, net of issue costs	942,317	3,039,140	1,600,000	4,910,000
Proceeds from debentures issued	-	-	-	2,035,000
Proceeds from loans payable	-	-	815,740	271,840
Repayments of loan due to Omega	(92,625)	(98,068)	(92,625)	(98,068)
Repayments of convertible loan payable	-	(18,524)	(28,456)	(18,524)
Repayments of loans payable	-	(127,611)	-	(514,602)
Interest paid	(15,000)	(116,032)	(15,000)	(116,032)
Cash used in financing activities	834,692	2,678,905	2,279,659	6,469,614
Effect of foreign exchange on cash	(1,188)	(6,586)	(231)	(9,815)
Increase (decrease) in cash	(156,206)	1,114,673	(138,776)	2,230,856
Cash, beginning of period	189,455	1,142,413	172,025	26,230
Cash, end of period	33,249	2,257,086	33,249	2,257,086

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

Organto Foods Inc.

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

(Expressed in Canadian Dollars)

	Number of shares	Share capital (\$)	Reserves (\$)	Deficit (\$)	Non- controlling interests (\$)	Total (\$)
Balance at January 1, 2017	76,771,801	6,000,631	1,126,939	(6,328,684)	(146,466)	652,420
Proceeds from private placement	34,429,842	5,164,476	-	-	-	5,164,476
Share issuance costs	-	(394,996)	140,520	-	-	(254,476)
Compensation shares	738,570	122,100	-	-	-	122,100
Share-based payments	294,386	72,500	-	-	-	72,500
Warrants	-	-	40,500	-	-	40,500
Comprehensive loss for the period	-	-	51,571	(3,639,809)	(71,151)	(3,659,389)
Balance at September 30, 2017	112,234,599	10,964,711	1,359,530	(9,968,493)	(217,617)	2,138,131
Balance at January 1, 2018	112,263,903	10,953,208	2,160,270	(15,677,656)	-	(2,564,178)
Proceeds from private placement	20,000,000	1,600,000	-	-	-	1,600,000
Shares issued to settle loans payable	2,269,230	748,846	-	-	-	748,846
Stock-based compensation	-	-	17,448	-	-	17,448
Shares issued to settle convertible debentures	13,330,262	2,268,026	-	-	-	2,268,026
Comprehensive loss for the period	-	-	(43,739)	(3,367,591)	-	(3,411,330)
Balance at September 30, 2018	147,863,395	15,570,080	2,133,979	(19,045,247)	-	(1,341,188)

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

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

The Company's common shares are listed for trading on the TSX Venture Exchange ("TSXV") and are traded under the stock symbol "OGO". The Company's principal business activity is the sourcing, processing, packaging and distribution of organic and specialty food products with a focus on branded organic value-added vegetables and fruit products.

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 September 30, 2018, the Company had a working capital deficiency of \$2,973,680 (December 31, 2017 - \$2,842,417) and an accumulated deficit of \$19,045,247 (December 31, 2017 - \$15,677,656). Accordingly, the ability of the Company to realize the carrying value of its assets and continue operations as a going concern is dependent upon its ability to obtain additional financing as needed, continued financial support from related parties, and ultimately on generating future profitable operations. The factors described may cast significant doubt about the Company's ability to continue as a going concern.

The Company's head office and principal address is located at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, Canada. The Company has a sales and administration office in Breda, the Netherlands and regional satellite offices are located in Mexico, Guatemala, Argentina and the USA.

2. Basis of presentation

These consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the most recent annual financial statements for the year ending December 31, 2017. Certain amounts in the prior period have been reclassified to conform to the presentation in the current period.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on November 27, 2018.

Organto Foods Inc.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Nine Months Ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

3. Receivables

	September 30, 2018 (\$)	December 31, 2017 (\$)
Trade receivables	438,027	103,909
Fresh Organics (note 14)	-	96,998
VAT recoverable	72,272	237,001
Other	-	4,349
	510,300	442,257

4. Inventories

	September 30, 2018 (\$)	December 31, 2017 (\$)
Packing material	122,508	121,295
Agricultural inputs	43,393	31,069
Finished goods	19,071	5,177
	184,972	157,541

5. Prepaid expenses

	September 30, 2018 (\$)	December 31, 2017 (\$)
Advances to third-party producers	489,158	358,507
Prepaid insurance	6,875	27,500
Other advances and retainers	23,172	56,686
	519,205	442,693

6. Property, plant and equipment

	Buildings (\$)	Machinery & equipment (\$)	Furniture and other (\$)	Land (\$)	Construction in progress (\$)	Total (\$)
Cost						
At January 1, 2017	2,143,948	2,881,939	117,499	110,382	116,088	5,369,856
Additions	58,375	290,362	26,388	-	(58,375)	316,750
Impairment	(1,211,260)	(1,764,918)	(389)	-	(3,765)	(2,980,332)
Foreign exchange	(13,345)	(14,254)	(1,959)	(1,460)	(1,599)	(32,617)
At December 31, 2017	977,718	1,393,129	141,539	108,922	52,349	2,673,657
Dispositions	-	(14,000)	(39,261)	(86,344)	-	-
Foreign exchange	(8,566)	(37,529)	10,881	533	2,514	(92,529)
At September 30, 2018	969,152	1,334,499	113,159	23,111	54,863	2,494,784
Accumulated amortization						
At January 1, 2017	(194,571)	(449,796)	(12,658)	-	-	(657,025)
Amortization for the year	(108,514)	(298,019)	(20,776)	-	-	(427,309)
Impairment	1,374	329,125	73	-	-	330,572
Foreign exchange	1,222	11,298	421	-	-	12,941
At December 31, 2017	(300,489)	(407,392)	(32,940)	-	-	(740,821)
Amortization for the period	(49,307)	(134,436)	(2,065)	-	-	(185,808)
Dispositions	-	-	72,758	-	-	72,758
Foreign exchange	15,597	38,618	(78,659)	-	-	(24,444)
At September 30, 2018	(334,199)	(503,210)	(40,906)	-	-	(878,315)
Net book value						
At December 31, 2017	677,229	985,737	108,599	108,922	52,349	1,932,836
At September 30, 2018	634,953	831,289	72,253	23,111	54,863	1,616,470

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

7. Loan due to Omega S.A.

The Company had a loan payable to Omega S.A. ("Omega"), a company owned by Arturo Bickford, one of the founding shareholders of Organto Guatemala, S.A., a subsidiary of the Company, in the amount of \$326,067 (US\$242,844), which accrued interest at 8.5% per annum and was due on October 31, 2016. During 2015, Omega advanced an additional \$63,973 (Guatemalan Quetzals ("Q") Q400,050), with an interest rate of 42% per annum, and another advance of \$38,698 (US\$28,821), interest free. A payment of \$37,391 (US\$28,821) was made to Omega on July 4, 2017.

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

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

The Company did not pay any amounts due in 2018 and in June 2018 Omega and the Company agreed to amend the terms of the settlement agreement by fixing the amount due to the then current amount of US\$298,248 and waiving further interest charges. The agreed payment plan calls for payments of US\$55,000 in July 2018, payments of US\$15,000 per month for August through November 2018, and then payments of US\$22,906 per month for December 2018 through July 2019.

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

A continuity of the balances is shown below:

	(\$)
Balance at January 1, 2017	500,419
Other 3 rd party liability included in settlement agreement	168,169
Payments	(319,972)
Loss on settlement	17,573
Foreign exchange	5,959
Balance at December 31, 2017	372,148
Accrued interest	23,074
Payments	(92,625)
Foreign exchange	(7,130)
Balance at September 30, 2018	295,467

8. Loans payable

During the first quarter of 2018 the Company received \$694,707 and a further \$121,033 during the second quarter in bridge loans from insiders and certain shareholders. The bridge loans are unsecured and have a term of one year. Interest rates range from 0% to 8% with interest paid in equal monthly payments of \$5,000 per month.

Maturity date	Interest rate	September 30, 2018 (\$)	December 31, 2017 (\$)
February 1, 2019	8%	140,000	-
February 21, 2019	8%	322,093	-
March 13, 2019	8%	107,348	-
March 27, 2019	0%	66,679	-
April 3, 2019	4%	65,961	-
April 5, 2019	0%	104,659	-
April 25, 2019	4%	9,000	-
		815,740	-

9. Convertible loan payable

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

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

As a result of the Company’s private placement in 2017 for gross proceeds greater than \$5 million, the loan was converted in June 2018 into 2,269,230 common shares.

9. Convertible loan payable - continued

A continuity of the balance is shown below:

	(\$)
Balance at January 1, 2017	787,110
Deemed settlement of promissory note	(787,110)
Convertible promissory note restructured at fair value	684,986
Payments	(37,232)
Accretion and interest expense	27,339
Foreign exchange	(50,072)
Balance at December 31, 2017	625,021
Payments	(28,456)
Accretion and interest expense	149,146
Foreign exchange	3,135
Shares issued to settle	(748,846)
Balance at September 30, 2018	-

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

	(\$)
Balance at January 1, 2017	69,361
Expiry of conversion option of original promissory note	(69,361)
Recognition of embedded derivative financial liability on restructuring of promissory note	56,129
Gain on embedded derivative financial liability on restructuring of promissory note	(18,416)
Foreign exchange	(19,636)
Balance at December 31, 2017	18,077
Gain on revaluation of embedded derivative financial liability	(17,949)
Foreign exchange	(128)
Balance at September 30, 2018	-

10. Convertible debentures

In June 2017 the Company issued convertible debentures (“the Debentures”) for gross proceeds of \$2,035,000. The Debentures were unsecured, had a term of three years beginning on June 8, 2017, and incurred interest at 8%, payable annually in arrears. Holders may elect to convert the principal amount of their Debentures into common shares at a price of \$0.35 per share until June 8, 2020. The Company issued common shares equivalent to \$122,100 (738,570 shares) as compensation pursuant to the placement of these debentures.

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

In July 2018 the Company reached an agreement with the holders of the convertible debentures to convert the debentures, plus accrued interest and related conversion fees, into common shares of the Company. The Company issued a total of 13,330,262 common shares to the holders of the debentures, comprising 11,000,000 common shares issued to convert the face value of the debentures at a conversion price of \$0.185 per common share, and 2,330,262 common shares to convert accrued interest and related conversion fees at a conversion price of \$0.10 per common share.

10. 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
Interest expense	89,205
Conversion fees	51,939
Accretion	462,770
Conversion into shares	(2,268,026)
Balance at September 30, 2018	-

The short and long-term portion of the convertible debenture balance at September 30, 2018 are as follows:

	September 30, 2018 (\$)	December 31, 2017 (\$)
Accrued Interest on convertible debenture	-	91,882
Convertible debenture	-	1,572,230
	-	1,664,112

11. Share capital

(a) Common shares

The Company is authorized to issue an unlimited common shares without par value.

At September 30, 2018 the Company had 147,863,395 common shares issued and outstanding (December 31, 2017 – 112,263,903).

In August 2018 the Company completed a non-brokered private placement of 20 million units at a price of \$0.08 per unit. Total proceeds of \$1,600,000 were received: \$657,683 in June 2018 and \$942,317 in July and August 2018. Each unit consisted of one common share and one-half warrant, with each full warrant exercisable to purchase one additional common share at a price of \$0.15 for a period of 12 months after the closing date. The exercise date of the warrants issued is subject to acceleration in the event that the closing price of common shares on the TSX Venture Exchange is greater than or equal to \$0.25 per share for a period of 10 consecutive trading days and such acceleration event occurs any time after the expiration of a four-month hold period applicable to the securities issued.

See also note 17 – Subsequent events.

11. Share capital - continued

(b) Share options

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

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

	Number of options	Weighted average exercise price (\$)
Balance, January 1, 2017	2,420,000	0.20
Granted	7,470,000	0.18
Expired	(175,000)	0.20
Balance at December 31, 2017	9,715,000	0.18
Granted	600,000	0.15
Forfeited	(1,500,000)	0.18
Expired	(1,800,000)	0.18
Balance at September 30, 2018	7,015,000	0.18

A summary of the Company's share options outstanding and exercisable at September 30, 2018 is as follows:

Exercise price (\$)	Number of options outstanding	Expiry date	Number of options exercisable
0.15	600,000	June 29, 2023	120,000
0.18	3,970,000	October 10, 2022	4,470,000
0.20	2,175,000	October 10, 2022	2,175,000
0.13	200,000	November 28, 2022	40,000
0.15	35,000	November 07, 2019	35,000
0.065	35,000	December 19, 2018	35,000
0.065-0.20	7,015,000		6,875,000

The Company recognizes stock based compensation over the vesting period of the underlying options using the Black-Scholes option pricing method for those options with set vesting dates and the Binomial Method for those options which vest based on market conditions. Option pricing methods require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted and/or vested during the period. The fair value of the options granted in September 2018 was \$40,705 and was calculated using the Black-Scholes model with the following inputs: expected price volatility of 140%, risk free interest rate of 1.90%, expected life of 5 years and no dividend yield.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the Nine Months Ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

11. Share capital - continued

(c) Warrants

Warrants are exercisable as follows:

Grant date	Number of warrants	Exercise price (\$)	Expiration date	Fair value per warrant (\$)	Total fair value (\$)
June 20, 2017	12,699,634	0.17	June 20, 2019 *	-	-
June 20, 2017	457,869	0.15	June 20, 2019	0.10	49,059
August 3, 2017	2,165,208	0.17	August 3, 2019 *	-	-
August 3, 2017	8,000	0.15	August 3, 2019	0.08	629
September 8, 2017	13,500,000	0.17	September 8, 2019 *	-	-
September 11, 2017	6,065,000	0.17	September 11, 2019 *	-	-
September 11, 2017	1,194,667	0.15	September 11, 2019	0.08	106,731
August 13, 2018	10,000,000	0.15	August 13, 2019 **	-	-
	46,090,378				203,612

* These warrants were originally issued with an exercise price of \$0.25 and an early expiry provision whereby in the event the Company's common shares trade on the TSXV at a price of \$0.35 or more for a period of 10 consecutive trading days then the Company will have the right to accelerate the expiry date of the warrants to the earlier of (i) the 30th day after the date on which such notice is given; and (ii) the actual expiry date of the warrants. In August 2018 the warrants were amended and the exercise price was changed from \$0.25 to \$0.17 and the early expiry provision trigger price of \$0.35 was changed to \$0.21.

** In the event the Company's common shares trade on the TSXV at a price of \$0.25 or more for a period of 10 consecutive trading days then the Company will have the right to accelerate the expiry date of the warrants to the earlier of (i) the 30th day after the date on which such notice is given; and (ii) the actual expiry date of the warrants.

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

	Number of warrants	Weighted average exercise price (\$)
Balance at January 1, 2017	445,475	0.30
Exercised	(29,304)	0.15
Cancelled	(300,000)	-
Granted	37,119,682	0.24
Expired	(20,250)	0.35
Balance at December 31, 2017	37,215,603	0.24
Granted	10,000,000	0.15
Expired	(1,125,225)	0.21
Balance at September 30, 2018	46,090,378	0.22

See also note 17 – Subsequent events.

11. Share capital - continued

(d) Loss per share

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(\$)	(\$)	(\$)	(\$)
Basic and diluted loss per share	(0.01)	(0.02)	(0.03)	(0.04)
Weighted average number of shares outstanding	135,327,797	96,498,119	120,077,912	83,993,686

For the nine months ended September 30, 2018 there were 7,015,000 (2017 – 2,245,000) share options and 46,090,378 warrants (2017 – 37,155,073) 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, 2018, 14,535,908 (December 31, 2017 - 30,339,212) shares originally issued to Organto Guatemala shareholders are still subject to escrow provisions.

(f) Reserves

	Options	Warrants	Conversion feature of debentures	Promissory Note	Other reserves	Cumulative translation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Balance, January 1, 2017	-	38,552	-	239,187	176,093	673,107	1,126,939
Accumulated fair value of:							
Warrants issued	-	196,919	-	-	-	-	196,919
Conversion option of convertible debt issued	-	-	416,420	-	-	-	416,420
Stock-based compensation	671,417	-	-	-	-	-	671,417
Reclassify to deficit upon dissolution of subsidiary	-	-	-	(239,187)	-	(178,847)	(418,034)
Accumulated comprehensive income	-	-	-	-	-	166,609	166,609
Balance at December 31, 2017	671,417	235,471	416,420	-	176,093	660,869	2,160,270
Stock-based compensation	17,448	-	-	-	-	-	17,448
Accumulated comprehensive income	-	-	-	-	-	(43,739)	(43,739)
Balance at September 30, 2018	688,865	235,471	416,420	-	176,093	617,130	2,133,979

12. Cost of sales

	Three months ended		Nine months ended	
	September 30, 2018 (\$)	September 30, 2017 (\$)	September 30, 2018 (\$)	September 30, 2017 (\$)
Materials and transportation	34,779	265,607	148,317	728,943
Produce purchases	397,401	-	416,240	-
Salaries and benefits	-	102,383	56,054	260,882
Amortization (note 5)	-	96,402	70,200	286,179
Plant overhead	658	70,358	36,384	209,928
	432,838	534,750	727,195	1,485,577

13. Selling, general and administration expenses

	Three months ended		Six months ended	
	September 30, 2018 (\$)	September 30, 2017 (\$)	September 30, 2018 (\$)	September 30, 2017 (\$)
Administration and office	83,054	334,766	544,074	959,618
Professional fees	105,163	90,942	362,052	244,125
Overhead and operating	61,587	105,992	141,604	253,257
	249,804	531,700	1,047,730	1,457,000

14. Related party transactions

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

As part of the June 2018 employment settlement agreement between the Company and Marcus Meurs, its former President and COO, the Company forgave the \$96,998 owed to it by Fresh Organics LLC, a company controlled by Mr. Meurs and Mr. Meurs forgave the \$79,336 owed to himself by the Company.

The related party transactions are as follows:

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the Nine Months Ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

14. Related party transactions - continued

	Three months ended		Nine months ended	
	September 30, 2018 (\$)	September 30, 2017 (\$)	September 30, 2018 (\$)	September 30, 2017 (\$)
Management fees paid or accrued to:				
Peter Gianulis, Executive Vice President	46,602	47,901	139,536	95,498
Brandal B.V., a company controlled by Rients van der Wal, CEO of the Company's European subsidiary	68,346	88,704	137,601	173,346
Fresh Organics LLC, a company controlled by Marcus Meurs, former President and COO	-	66,504	61,654	140,281
MCC Holding B.V. a company controlled by Arnoud Maas, former CEO	-	53,120	94,853	53,120
Director fees paid or accrued	-	18,000	-	36,000
Administration fees paid or accrued to:				
SHARE Marketing & Management Services B.V., a company controlled by Rients van der Wal	66,563	-	76,974	-
Columbus Gold	-	76,800	50,000	153,000
	181,511	351,029	560,618	651,245

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

	September 30, 2018 (\$)	December 31, 2017 (\$)
Management fees advanced to Fresh Organics LLC	-	96,998
Management fees payable to:		
Brandal B.V.	(51,094)	-
Peter Gianulis	(114,176)	(30,108)
Due to Columbus Gold:		
to be settled in cash	-	(139)
to be settled in shares of Organto	(300,000)	(250,000)
Directors fees included in accrued liabilities	(52,000)	(48,864)
Administration fees payable to SHARE & Management Services B.V.	(30,663)	-
Expense reimbursements payable to:		
Steve Bromley, Director, Interim Chief Executive Officer & President	-	(7,814)
Peter Gianulis	-	(45,488)
Loan due to Omega S.A. (note 9)	(295,467)	(372,148)
Loans payable to:		
Omega S.A.	(66,679)	-
Multitulli Sustainable Merchants, LLC, a company associated with Marcus Meurs	(70,187)	-
Stuyvesant et Compagnie, Inc., a company associated with Marcus Meurs	(287,268)	-
Naetturland, Inc., a company associated with Marcus Meurs	(286,947)	-
Grupo Tierra Nueva, LLC, a company associated with Arturo Bickford, former COO	(104,659)	-
Interest payable to:		
Stuyvesant et Compagnie, Inc.	(7,088)	-
Naetturland, Inc.	(7,095)	-
	(1,673,323)	(657,563)

15. Segmented information

The Company has one reportable business segment, being the sourcing, processing, packaging and distribution of organic and specialty food products. Significant customer sales are:

Customer	Customer Location	Three months ended				Nine months ended			
		September 30, 2018		September 30, 2017		September 30, 2018		September 30, 2017	
		(\$)	%	(\$)	%	(\$)	%	(\$)	%
Customer A	Europe	254,426	57%	-	-	254,426	54%	-	-
Customer B	Europe	92,568	21%	-	-	92,568	20%	-	-
Customer C	Europe	67,207	15%	-	-	67,207	14%	-	-
Customer D	Europe	16,669	4%	-	-	16,669	4%	-	-
Customer E	Europe	-	-	-	-	8,080	2%	-	-
Others	Europe	13,389	3%	135,623	100%	29,352	6%	456,075	100%
		444,259	100%	135,623	100%	468,302	100%	456,075	100%

Information by geographical areas is as follows:

	September 30, 2018	December 31, 2017
	(\$)	(\$)
Current assets		
Canada	364,617	502,892
Netherlands	818,094	611,877
Guatemala	22,043	58,528
Argentina	42,972	41,219
	1,247,726	1,214,516
Non-current assets		
Netherlands	185,089	249,716
Guatemala	1,447,403	1,692,635
	1,632,492	1,942,351
Total assets		
Canada	364,617	502,892
Netherlands	1,003,183	861,593
Guatemala	1,469,446	1,751,163
Argentina	42,972	41,219
	2,880,218	3,156,867

16. Commitments

At September 30, 2018, the Company has the following commitments:

	Within 1 year (\$)	Between 1 and 5 years (\$)	After 5 years (\$)	Total (\$)
Lease payments for land use in Guatemala	23,463	29,204	54,937	107,604
Management fees to Peter Gianulis	186,408	77,670	-	264,078
Management fees to Brandal B.V.	273,384	410,076	-	683,460
Loan payable to Omega S.A.	295,467	-	-	295,467
Loans payable	815,740	-	-	815,740
	1,594,462	516,950	54,937	2,166,349

17. Subsequent events

Private placement

In November 2018 the Company completed a non-brokered private placement of 11,000,000 units at a price of \$0.10 per unit for total proceeds of \$1,100,000. Each unit consisted of one common share and one-half warrant, with each full warrant exercisable to purchase one additional common share at a price of \$0.20 for a period of 18 months after the closing date. The exercise date of the warrants issued is subject to acceleration in the event that the closing price of common shares on the TSX Venture Exchange is greater than or equal to \$0.25 per share for a period of 10 consecutive trading days and such acceleration event occurs any time after the expiration of a four-month hold period applicable to the securities issued.

Medicannabis acquisition

In November 2018 the Company completed, subject to shareholder approval, the acquisition of 100 per cent of the outstanding shares of Medicannabis SAS, a privately held Colombian medicinal cannabis company that is a late-stage applicant for licences to enable it to cultivate and process cannabis in Colombia. The Company will, subject to the final acceptance of the TSX Venture Exchange, issue up to 8,000,000 shares (the "Shares") to the original shareholders of Medicannabis upon receipt of a cultivation license, which is one of a number of licenses that Medicannabis has applied for. The Shares will be subject to a four month hold period under applicable securities regulations and also be subject to contractual release limitations over a three-year period. The Company intends to pay a finder's fee in connection with the acquisition of Medicannabis via the issuance of common shares in accordance with the policies of the TSX Venture Exchange.