CAPTIVA VERDE

INDUSTRIES LTD.

Management’s Discussion and Analysis

For the year ended December 31, 2015

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and related notes thereto of Captiva Verde Industries Inc. ("Captiva" or "us" or "we" or "our" or the "Company") for the year ended December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are expressed in Canadian dollars unless otherwise stated. This Management Discussion and Analysis has been prepared as of April 28, 2015, and includes certain statements that may be deemed "forward-looking statements". Investors are directed to the section "Risks and Uncertainties" and to page 10 for a statement on forward-looking information included within this MD&A.

Except historical information contained in this MD&A, the following disclosures are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of applicable Canadian provincial securities laws or are future oriented financial information and as such are based on an assumed set of economic conditions and courses of action. Please refer to the cautionary note regarding forward-looking statements and information at the back of this MD&A.

BUSINESS OVERVIEW

Captiva is a USDA certified grower and seller of organic greens and other organic produce according to USDA regulations and best practices in the industry. The Company received its organic certification from the USDA National Organic Program ("NOP") on July 13, 2015. This organic certification allows the Company to use the USDA organic label in the USA as well as the following jurisdictions around the world: Canada, Japan-US MAFF Agreement, USDA/COA Taiwan Export Arrangement, European – NOP equivalence. The certification covers the following crops: Spinach, Romaine, Leaf Lettuce, Kale (red and green), Head Lettuce, Cauliflower, Cabbage, Broccoli and Spring Mix (Chard, Green Oak, Losa Rosa, Mizuna, Tango and Wild Arugula).

Captiva was originally incorporated in Alberta as Arrowhead Water Products Ltd. ("Arrowhead") in 1993. In 2014, Arrowhead was continued in British Columbia under the British Columbia Business Corporations Act of 2014 and changed its name from Arrowhead to Captiva. Arrowhead was primarily engaged in the production, sale, and distribution of large format 15-litre bottles of drinking water principally in Alberta. On February 28, 2013, the Company completed the sale of its water bottling assets and retail business. On December 4, 2014, the Company received conditional approval from the Canadian Securities Exchange ("CSE") operated by CNSX Markets Inc., for listing, quotation and trading on the CSE subject to raising at least $500,000 for working capital. The Company's shares trade on the exchange under the symbol "VEG". Previous to this the Company's shares had traded on the NEX Board of the TSXV under the symbol "AWA.H". On May 12, 2014, the Company commenced commercial organic farming operations in the USA ("US"). The Company's registered records office is located at suite 1500 – 1055 West Georgia Street, PO Box 11117, Vancouver, BC, V6E 4N7.

On September 4, 2014, the Board of Directors approved a change of year end from September 30 to December 31 in order to reflect most of its peers in the industry in which it operates. On September 5, 2014, a Notice of Change in Year-End was filed in accordance with Section 4.8 of National Instrument 51-102.

Management and Board Changes

On April 11, 2016, the Company appointed Ted Mills as its Chief Operating Officer ("COO"). Mr. Mills has over 25 years of senior executive leadership within the produce industry representing some of the leading agricultural names in the US. During his exceptional history of leading successful large scale farming operations, he was Vice President, Agricultural Operations of Fresh Express, Inc., Director of Agriculture, Sabor Farms, LLC, Vice President of Agriculture, River Ranch Fresh Foods LLC, and General Manager and Director of Farming Operations, Tanimura and Antle, Inc., all of the above based in California.

On January 25, 2016, the Company appointed Noorudin Jiwani and Grant Woods to the Company's Board of Directors (the "Board"). Mr. Jiwani is the President and owner of Aliya's Foods Limited which he co-founded in 2000; has served two terms as a member on the Board of the Alberta Food Processors Association and is one of the founding members of the CEO Club in Edmonton, Alberta which is made up of executives from the Food Industry. Mr. Woods is a successful lawyer in Arizona and was the Attorney General for Arizona from 1991-1999. He has been a political and community leader for more than 30 years, and was Chief of Staff for John McCain.

Lisa Dea, CPA, CA also joined the Company as CFO on January 25, 2016, following the resignation of Chris Thompson. Ms. Dea has over 19 years of experience in the finance, securities, and accounting fields and has been the CFO of several TSX listed companies where she was responsible for corporate strategy, finance, debt, capital market, and all aspects of the accounting function.

On October 28, 2015, the Company appointed Allan Silber and Morris Perlis to the Company's Board of Directors. Mr. Silber is the Chairman of the Board of Street Capital Group Inc. and Street Capital Financial Corporation, which he founded in 1979. Mr. Perlis served as President of Counsel Corporation from 1992 until 2001. On January 25, 2016, Mr. Silber and Mr. Morris resigned as directors of the Company.

In order to facilitate the appointment of Mr. Silver and Mr. Morris, Mr. Ian Kennedy stepped down from the Board on October

28, 2015.

On August 29, 2014, the Company appointed David Pratt, BSc., PCA as its COO. Mr. Pratt has an agronomy degree from the University of Arizona and is a Professional Certified Pest Control Advisor in California and Arizona. Mr. Pratt was terminated from the Company on February 6, 2016.

RECENT DEVELOPMENTS AND OVERVIEW

The Company has two locations in California and one in Arizona in order to facilitate year-round daily production by using optimal growing climates for each season. The Company has 1,527 acres under lease in the Imperial Valley in Southern California for use in the winter months. The Imperial Valley is the single largest producer of winter vegetables in the entire United States and is endowed with abundant supplies of water, derived from priority water rights from the Colorado River system. The Company's Salome property in central Arizona, part of 1,704 acres under lease in Arizona, provides an excellent growing climate for the shoulder seasons of Spring and Fall. The Company then moves to Tehachapi, California for the summer growing season, to its 400 acres under lease in Tehachapi. The Company intends to increase the numbers of acres it has under lease in Tehachapi to facilitate increased production during the summer months.

The Company began commercial operation on August 31, 2015 when it began planting in Salome. At the advice of its then COO, David Pratt, plantings commenced at the rate of 65 acres per week and in total the Company planted 650 acres throughout the growing season. The growing period for leafy green vegetables is approximately 21 to 45 days depending on weather conditions. The Company had its first sale on September 26, 2015, but with ordinary start up issues in October, the company effectively started production in November and December 2015 through spot market sales.

The Company began planting in Imperial Valley on October 18, 2015 and had its first harvest and sale on November 20, 2015. Plantings commenced at a rate of 90 acres per week and in total the Company planted 1130 acres throughout the growing season.

The majority of the Company's product was sold on the spot market as the Company needed to display its capacity and ability to produce on a large scale in order to attract leading buyers in the industry. This major investment was made to the company's fields to showcase this production capacity. This unreliable but necessary and temporary reliance on the spot market had a significant negative effect on the Company and resulted in acreage in Salome and the Imperial Valley being plowed under due to lack of contract sales and resulting in oversize spoilage throughout the growing season in those two regions. As a result, the Company finally achieved its business plan in 2016 and will only be planting product for contracted sales. To that end, the Company has finally secured 455,000 pounds per week in annual contracts and is in discussions for an additional 120,000 pounds per week to fulfill its total production capacity of 500,000 to 600,000 per week.

As a result, the Company has a significant working capital deficit of $3,101,366 and a cash position of $336,006 at December 31, 2015. To address the working capital deficit and improve the Company's cash position, subsequent to December 31, 2015, the Company received subscription agreements for convertible debentures totaling $1,001,815, of which $600,000 was received in cash and $401,815. was converted from accounts payable. A further $410,218 of the Company's accounts payable was converted into an interest free 24-month promissory note, for a total reduction in the working capital deficit of $1,412,033.

However, in order to continue operations, the Company will need to raise additional capital through debt or equity in the short-term until it can obtain profitable operations. While the Company has been successful in raising funds in the past, the Company cannot guarantee that it will be successful in raising additional future capital.

SELECTED ANNUAL INFORMATION

Fiscal Year Ended	Year ended December 31 **2015**	Fifteen months ended December 31 **2014**	Year ended September 30 **2013**
	$	***$***	***$***
Total revenues	2,006,693	-	-
Loss from operations	(12,096,352)	(2,762,468)	(204,719)
Net loss from continuing operations	(11,856,349)	(2,622,653)	(204,719)
Net loss	(11,856,349)	(2,587,099)	725,970
Net loss per share – basic and diluted	(0.36)	(0.13)	0.05
Total assets	5,891,312	1,128,295	949,941
Total non-current liabilities	235,935	-	-
Cash Dividends Declared	-	-	-

Discontinued Operations

On September 4, 2012, the Company entered into a Letter of Intent ("LOI") and a Right of First Refusal Agreement with a private third party purchase (the "Purchaser") to sell all of its 15-litre water bottling equipment along with its customer retail base (the "Assets"). At the date of the sale, the Assets had a net book value of $545,995. The sale of the Assets was completed on February 28, 2013 for total cash proceeds of $1,650,000 resulting in a gain on disposition of $1,104,005. As part of of the LOI, the Purchaser agreed to pay the Company royalties based on the number of 15-litre bottles sold in each month up to January, 2014.

As a result of the sale, historical financial information for the 15-litre water business has bee reclassified as discontinued operations on the consolidated statements of loss and comprehensive loss and the consolidated statements of cash flows. Assets relating to discontinued operations as at September 30, 2013 were as follows:

Accounts receivable, including promissory note	$547,461
Accounts payable and accrued liabilities	$188,098

During fiscal 2014, the accounts receivable was collected and all of the accounts payable and accrued liabilities have been settled.

Selected financial information for the business included in discontinued operations is reported below:

	Year ended December 31 2015	15 months ended December 31 2014
	$	$
Revenue	**-**	8,047
Cost of goods sold	**-**	-
Gross profit	**-**	8,047
Expenses		
General and administrative	**-**	9,115
Loss from discontinued operations	**-**	(1,068)
Other income	**-**	36,622
Income and comprehensive income from discontinued operations	**-**	35,554

Cash Flow from Discontinued Operations

	Year ended December 31 2015	15 months ended December 31 2014
	$	$
OPERATING ACTIVITIES		
Net Income	**-**	35,554
Changes in non-cash working capital	**-**	359,363
Discontinued operations relating to operating activities and increase in cash	**-**	394,917

RESULTS OF OPERATIONS

Revenues

	Year Ended December 31 2015 $	Fifteen months ended December 31 2014 $
Continuing Operations		
Revenue	2,006,693	-
COS	(9,836,005)	-
Gross Margin	(7,829,312)	-
Gross Margin %	*(390%)*	-
Discontinued Operations		
Revenue	-	8,047
COGS	-	-
Gross Margin	-	8,047
Gross Margin %	-	*100%*

The Company commenced planting at its Arizona property on August 31, 2015 and had its first harvest of vegetables on September 26, 2015. The Company planted its fields expecting to harvest and sell on the baby leaf spot market approximately 455,000 pounds to 650,000 pounds per week, depending on the yields of the fields. However, in the last quarter of 2015, the Company was unable to sell a significant portion of its crops due to a weakening of the baby leaf spot market.

Included in COS are all costs associated with bringing a crop to the customers' processing plants. These costs include all seasonal and monthly land preparation costs like rent, ripping, soil analysis, listing, stubble disc, and all growing costs like irrigation, cultivation, fertilization, seed and planting and all harvest and shipping costs. Expenses that have occurred prior to harvesting and realization of revenues are show in Inventory and work in progress ("WIP").

Expenses

	Year Ended December 31 2015 $	Fifteen months ended December 31 2014 $
General and administrative	1,775,107	593,039
Development costs	-	174,044
Marketing costs	41,998	69,653
Other operating costs	154,760	50,199
Depreciation	341,957	-
Share-based compensation	1,353,831	566,570
Bad debts	481,45	-
Loss on settlement of dispute	117,936	1,308,963

Total expenses increased to $4,267,041 for the year ended December 31, 2015, respectively, compared to $2,762,468 in 2014. The main fluctuations in expenses are as follows:

General and administrative

For the year ended December 31, 2015, the Company incurred $1,775,107 in general and administrative expenses, which has increased compared to the year ended December 31, 2014 of $593,039. General and administrative expenses are comprised of professional fees, management fees, public company costs, travel and entertainment, insurance, telephone, service fees, miscellaneous, office and rent. The increase is mainly as a result of the increased activity of the Company as it is now fully engaged in the organic farming industry.

Development costs

For the year ended December 31, 2015, the Company incurred $Nil in development costs compared with $174,044 for the previous comparative period. The fees incurred in 2014 resulted from the Company actively reviewing various types of businesses for development which did not occur in 2015 as the Company had commenced organic farming.

Marketing cost

For the year ended December 31, 2015, the Company incurred $41,998 in marketing costs compared with $69,653 for the previous comparative period. These costs are primarily related to consulting fees incurred to nurture strong relationships with organic produce processors who are now the primary customers of the Company. The Company expects these cost to increase in the future as it grows its organic produce business.

Other operating costs

Other operating costs include rent obligations on land leases that are not expected to be place in production until future periods. These expense were $154,760 for the year ended December 31, 2015 compared with $50,199 at December 31, 2014.

Share based compensation

For the year ended December 31, 2015, the Company incurred $1,353,832 of share based compensation expenses from 2,700,000 options issued compared with $566,570 from 1,900,000 options issued in the previous comparable period.

Bad debts

During the year ended December 31, 2015, the Company took an impairment allowance against the Green Matters note receivable of $318,905 plus the accrued interest of $45,811 because the note receivable does not meet the collectability requirements under IAS 39 due to the length of time the receivable has been outstanding, the continued renegotiation of the repayment terms of the note receivable and the unknown financial condition of Green Matters. Although the Company has taken an impairment allowance against the note receivable the Company is confident that the note receivable will ultimately be collected. Further, the Company also wrote down an additional $126,325 in trade receivables due to their un-collectability.

Loss on settlement of dispute

The litigation settlement with Bornt was finalized in May 2015 and an additional cost of $117,936 was recorded in the second quarter to account for additional third party legal costs.

Comprehensive loss

For year period ended December 31, 2015, comprehensive loss was $12,299,231 (2014 - $2,621,431), which is comprised of the following items:

- A net loss of $11,856,350 (2014 - $2,587,099); and
- Currency translation gain of $442,881 in the year ended December 31, 2015 (2014 – gain of $34,332).

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company and is derived from the unaudited condensed consolidated interim financial statements prepared by management.

Three Months Ended	**Dec 2015**	**Sept 2015**	**Jun 2015**	**Mar 2015**	**Dec 2014**	**Sept 2014**	**Jun 2014**	**Mar 2014**
Total Revenues	1,913,507	93,186	-	-	-	-	-	-
Loss from operations	(10,571,147)	(940,708)	(554,707)	(29,790)	(1,148,078)	(634,474)	13,535	(675,463)
Loss for the period	(10,331,144)	(940,708)	(554,707)	(29,790)	(1,029,395)	(626,839)	27,031	(675,463)
Loss per share (basic and fully diluted)	(0.32)	(0.02)	(0.02)	(0.00)	(0.06)	(0.03)	0.00	(0.03)
Total assets	5,891,311	9,795,005	2,331,924	1,300,668	1,128,295	2,253,173	2,522,387	1,830,806
Working capital	(3,101,366)	2,045,474	(204,786)	(373,140)	(270,211)	521,359	2,165,231	1,649,891

The Company achieved its first harvest of organic vegetables in Arizona on September 26, 2015. Since this first harvest was at the end of the third quarter, net sales were relatively minor.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2015, the Company had cash and cash equivalents of $336,006 and negative working capital of $3,101,366 compared with cash and cash equivalents of $13,803 and negative working capital of $270,211 at December 31, 2014.

Cash used in investing activities during the year ended December 31, 2015, was $2,664,217 compared with of $318,905 in the comparative period. In 2015, the Company used cash of $2,671,155 in the acquisition of capital assets for use in the organic farming operations and place $75,000 on deposit to secure Company credit.

Cash raised in financing activities during the year ended December 31, 2015 was $10,253,068 respectively compared with $1,859,503 in the comparative period. Financing activities for the year ended December 31, 2015 were as follows:

- On December 3, 2015, the Company issued 4,968,786 units at $0.408 per unit for gross proceeds of $2,027,265. Each unit consists of one common share in the capital of the Company and one half common share purchase warrant (the "Unit"). Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.50 per share for a period of one year from the date of issue. Of the total gross proceeds of $2,027,265, $1,025,306 was allocated to common shares after legal fees of $8,992 and $992,967 to the common share purchase warrants based upon their relative fair values.

- On November 5, 2015, the Company issued 5,000,000 units at $0.40 per unit for gross proceeds of $2,000,000. Each unit consists of one common share in the capital of the Company and one half common share purchase warrant (the "Unit"). Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.50 per share for a period of one year from the date of issue. Of the total gross proceeds of $2,000,000, $1,113,778 was allocated to common shares after legal fees of $6,757 and $879,465 to the common share purchase warrants based upon their relative fair values.

- During the month of September 2015, the Company issued 7,284,762 Units at $0.2625 per Unit for gross proceeds of $1,912,250. Each Unit consists of one Class A common share of the Company and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.35 per share for a period of one year from the date of issue. The Company paid cash commissions of $96,725 ("Cash Commissions") and issued 180,799 non-transferable warrants ("Finder's Warrants"), being 10% of the aggregate proceeds raised from the sale of Units and 6% of the number of Units sold, respectively, as a finder's fee. Each Finders Warrants entitles the holder to purchase on common share of the Company at $0.35 per share for a period of five years. Of the total gross proceeds of $1,912,250, $550,046 was allocated to common shares after legal fees of $19,989 and Cash Commissions, $1,157,706 to the common share purchase warrants and $87,784 to the Finder's Warrants based upon their relative fair values.

- On June 30 and July 16, 2015, the Company issued $125,000 and $50,000, respectively, 6% convertible debentures with a conversion price of $0.26. The principal and accrued interest are unsecured and are convertible on or before June 30, 2017 and July 16, 2017, respectively, at the holder's option into units of the Company with each being comprised of one Class A common share and one half common share purchase warrant.

- During the period from February 2015 to August 2015, the Company issued 17,819,080 Units at $0.25 per unit for gross proceeds of $4,454,770. Each Unit consists of one Class A common share of the Company and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.30 per share for a period of one year from the date of issue. The Company paid cash commissions of $301,587 ("Cash Commissions") and issued 719,340 non-transferable warrants ("Finder's Warrants"), being 10% of the aggregate proceeds raised from the sale of Units and 6% of the number of Units sold, respectively, as a finder's fee. Each Finders Warrants entitles the holder to purchase on common share of the Company at $0.30 per share for a period of one years. Of the total gross proceeds of $4,454,770, $2,003,986 was allocated to common shares after legal fees of $80,936 and Cash Commissions, $1,835,482 to the common share purchase warrants and $232,779 to the Finder's Warrants based upon their relative fair values.

Financing activities for the fifteen months ended December 31, 2014 were as follows:

- On June 16, 2014, the Company issued 1,388,666 Units at $0.36 per unit for gross proceeds of $499,920. Each unit consists of one Class A common share of the Company and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.50 per share for a period of one year from the date of issue. The Company paid cash commissions of $29,995 ("Cash Commissions") and issued 83,319 non-transferable warrants ("Finder's Warrants"), being 6% of the aggregate proceeds raised from the sale of Units and 6% of the number of Units sold, respectively, as a finder's fee. Each Finders Warrants entitles the holder to purchase on common share of the Company at $0.50 per share for a period of one years. Of the total gross proceeds of $499,920, $152,834 was allocated to common shares after legal fees of $11,797 and $305,294 to the common share purchase warrants based upon their relative fair values.

- On October 24, 2013, the Company issued 5,000,000 Class A common shares, at $0.30 per share for gross proceeds of $1,500,000. The Company paid cash commissions of $90,000 (“Cash Commissions”) and issued 220,400 warrants (“Broker’s Warrants”), being 6% of the aggregate proceeds raised from the sale of of the Class A common shares and 4.4% of the number of Class A common shares sold, respectively, to a broker. Each Broker’s Warrants entitles the holder to purchase one Class A common share of the Company at $0.30 per share for a period of two years from the date of issue.

Subsequent to December 31, 2015, the Company:

- received a subscription to convert $401,815 of its accounts payable into a convertible debenture.

- received subscriptions for $600,000 in convertible debentures. Each convertible debenture has a term of three years, bears interest at 8% per annum and is convertible, at the holder’s option, into units of the Company at $0.30 per unit. Each unit consists of one Class A common share and and one-half common share purchase warrant of the Company.

- converted $410,218 of its accounts payable into a 24-month promissory note with monthly payments of $17,092 to commence on May 1, 2016.

- received $120,000 in cash in anticipation of completing future equity subscription agreements.

As in many development stage companies, actual future funding requirements may vary from those planned due to a number of factors, including the progress of development activity and foreign exchange fluctuations. Management believes it will be able to raise equity capital as required in the long term, but recognizes the risks attached thereto. Historically the capital requirements of the Company have been met by equity subscriptions and convertible debentures from related parties. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favourable. If the Company is unable to raise any additional funds it may require, it could have a material adverse effect on its financial condition.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2015, the Company:

- closed a 6%, $50,000 convertible debenture agreement with the Company’s former CFO (see *Liquidity and Capital Resources*).
- closed a 6%, $125,000 convertible debenture agreement with a director of the Company (see *Liquidity and Capital Resources*).
- closed a private placement of Units in the Company in September 2015 (see *Liquidity and Capital Resources*) of which, the Company’s former CFO contributed $315,000.

During the fifteen months ended December 31, 2014, the Company:

- contracted certain land lease expenses of US$149,730 with a company that has an officer and director in common with the Company.
- contracted certain land lease payments of $609,540 (US$525,420) with a director and officer of the Company.
- contracted certain consulting expenses with a director of the Company for $38,675 (US $35,000).
- contracted certain legal services of $21,950 with a director of the Company through his law firm.

As at December 31, 2015, $9,672 was payable to the Chief Operating Officer.

Key management Compensation

Key management personnel include the members of the Board of Directors and officer of the Company, who have the authority and responsibility for planning, directing and controlling the activities of the Company. The remuneration of directors and officers was as follows:

	Year ended December 31 2015	Fifteen months ended December 31 2014
	$	$
Salaries & benefits	**30,533**	99,421
Consulting fees	**527,262**	259,855
Share-based compensation	**948,143**	566,570
Total	**1,505,938**	925,846

CONTINGENCY AND CONTRACTUAL OBLIGATIONS

The Company and its subsidiaries enter into contractual agreements from time to time relating to the on-going business activities. As at December 31, 2015, the Company has the following total commitments:

	1-2 years	3-4 Years	Over 5 years	**Total**
Agricultural leases	5,650,802	5,092,812	1,934,517	12,678,131
Operating leases	146,328	-	-	146,328
Equipment rentals	2,880,932	2,779,692	794,231	6,454,855
Total	8,678,062	7,872,504	2,728,748	19,279,314

Loss on Settlement of Dispute

On March 12, 2014, the Company announced the signing of a Memorandum of Understanding ("MOU") with Bornt & Sons, Inc. (“Bornt”), a large US based organic farming organization. In accordance with the MOU, the Company created Captiva Verde Farming Corp. (“Verde”). In accordance with the MOU, Captiva’s CEO and Greenbriar Capital Corp (“Greenbriar”) executed land leases with the Company for a total of 439 acres and there has been a further commitment for another 65 acres for a total of 504 acres. Bornt earmarked an additional 15 fields (approximately 1,000 acres) for the Company which was to be subleased to the Company under various payment terms. Bornt began cultivation shortly thereafter. Subject to shareholder and regulatory approval, the MOU committed Captiva to issue 40 million performance based earn-out shares to various members of the current Captiva management team and the Bornt management team. The shares were to be issued at the rate of one (1) share per US $0.25 (twenty-five cents) of gross farm operating income ("GFOI"). The shares were to be divided to multiple non-related parties and therefore no controlling shareholders would be created. This transaction, in management's opinion, would neither be a reverse takeover nor a change of business. GFOI was defined as net farm receipts minus direct farm operating expenses. No shares were issued under this arrangement.

In June, 2014, a dispute arose in the course of business between the Company and Bornt. On July 23, 2014, Bornt commenced legal action against the Company and its officers, claiming Breach of Contract on the MOU, Misappropriation of Trade Secrets and other related matters. On July 24, 2014, the Company followed with its detailed claim against Bornt of US$6.75 million requesting the court to enforce the terms of the MOU whereby Bornt would sublease the earmarked Captiva lands to Verde and all revenues and expenses related to those lands would be to the account of Verde.

The Company settled the litigation with Bornt in May, 2015, resolving all claims and disputes between the Parties. The total cost of the settlement to the Company was $1,426,899 as follows:

	Year ended December 31 2015	15 months ended December 31 2014
	$	$
Opening balance	**1,308,963**	-
Non-recoverable payments made to Bornt to cover initial cultivation costs	**-**	551,872
Legal fees not covered by the insurance carrier	**117,936**	757,091
Loss on settlement of dispute	**1,426,899**	1,308,963

Legal fees under dispute

In connection with the legal action described above, the Company incurred legal fees as part of its initial defense. The Company did not sign an engagement letter for the services. In the Company's opinion, the initial services provided were counterproductive and not of the standard expected by the Company. The Company paid a significant portion of the fees incurred and decided to change law firms. The Company received additional invoices totaling approximately US$207,000 for services not requested from the initial law firm. The Company has not recorded these invoices in accounts payable and accrued liabilities as at December 31, 2015.

Withholding tax contingency

The Company remunerates some officers, directors and other individuals by way of consulting fees. If certain of these individuals were deemed to be employees of the Company, as opposed to consultants, the Company could be contingently liable for employer related withholdings and costs.

RISKS & UNCERTAINTIES

Credit, Liquidity, Interest, and Currency Risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at December 31, 2015, the Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, deposits, interest receivable, long term note receivable, accounts payable and accrued liabilities, accrued interest, short term loans payable, loans payable and convertible debentures. Cash is reported at fair value. The other amounts reflected in the balance sheet approximate their fair values due to their short-term nature.

The Company does not use derivative instruments or hedges to manage risks because the Company's exposure to credit risk, interest rate risk and currency risk is small.

Credit risk is the risk that the Company will incur a loss due to the failure by its customers or other parties to meet their contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, accounts receivable, accrued interest receivable and note receivable. The Company was unable to collect on one trade receivable during the period and consequently took an allowance of $126,325 (note 5). Further, the Company also took an allowance of $364,416 against its note receivable plus accrued interest as if was unable to satisfy the requirements of IAS 39. The Company is confident, however that the note receivable will ultimately be collected

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to short-term interest rates through the interest earned on cash balances, deposits and loans; however, management does not believe this exposure is significant.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. In order to meet its financial obligations, the Company will need to generate cash flow from the sale or otherwise disposition of property or raise additional funds.

With the Company having all of its organic farming operations in the United States of America, the Company is exposed to foreign exchange risk and thereby foreign exchange risk arises due to fluctuations in foreign currency rates, which could affect the Company's financial results.

Cash is stated at amounts compatible with those prevailing in the market, are highly liquid, and are maintained with prime financial institutions for high liquidity.

Forward Looking Information

Certain information set out in this Listing Statement includes or is based upon expectations, estimates, projections or other "forward looking information". Such forward looking information includes projections or estimates made by us about our future business operations. While such forward looking statements and the assumptions underlying them are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost certainly vary (sometimes materially) from any estimates, predictions, projections, assumptions or other type of performance suggested here.

No Operating History as an Organic Grower

The Company has no operating history in the organic grower industry with which to predict future operations. With no operating history, forecasting expenses, revenues and cash flows is difficult, and may impair management's ability to operate the business. The Company cannot predict if it will ever achieve profitability and, if it does, it may not be able to sustain or increase its profitability.

We may need to raise further capital

Our business strategy is based in part on the scalability of our operations. In order to expand our operations, we will need to raise additional funds in the future, and such funds may not be available on commercially reasonable terms, if at all. If we cannot raise enough funds on acceptable terms, we may not be able to fully implement our business plan, take advantage of future opportunities, or respond to competitive pressures or unanticipated requirements. This could seriously harm our business, financial condition and results of operations.

Adverse weather conditions, natural disasters, crop disease, pests and other natural conditions can impose significant costs and losses on our business

Agricultural products are vulnerable to adverse weather conditions, including severe rains, drought and temperature extremes, floods and windstorms, which are quite common but difficult to predict. For example, much of the state of California is experiencing extreme drought, which could impact the volume of crops the Company can produce. Agricultural products also are vulnerable to crop disease and to pests, which may vary in severity and effect, depending on the stage of production at the time of infection or infestation, the type of treatment applied and climatic conditions. Unfavorable growing conditions caused by these factors can reduce both crop size and crop quality and, in extreme cases, entire harvests may be lost. These factors may result in lower sales volume and increased costs due to expenditures for additional farming techniques, the repair of infrastructure and the replanting of damaged or destroyed crops. These factors can increase costs, decrease revenues and lead to additional charges to earnings, which may have a material adverse effect on our business, results of operations and financial condition.

Lower selling prices could negatively affect our results of operations

The organic food industry is sensitive to changes in international, national, and local economic conditions. The most recent economic downturn has had an adverse effect on consumer spending patterns. During a sluggish economy, consumers may reduce the number of organic products that they purchase because organic products generally have higher retail prices than their conventional counterparts. Lower consumer demand resulting from a sluggish economy could decrease our sales volumes and negatively affect our results of operations by lowering the price we can sell our organic vegetables.

Additional regulation could increase our costs of production, and our business could be adversely affected

As an organic grower, we are subject to extensive government regulation, including regulation of the manner in which we cultivate and fertilize as well as process our crops. There may be changes to the legal or regulatory environment, and governmental agencies and jurisdictions where we operate may impose new manufacturing, importation, processing, packaging, storage, distribution, labeling or other restrictions, which could increase our costs and affect our financial performance.

Loss of our key management or other personnel, or an inability to attract such management and other personnel, could negatively impact our business.

We depend on the skills, working relationships, and continued services of key personnel, including our experienced senior management team. We also depend on our ability to attract and retain qualified personnel to operate and expand our business. If we lose one or more members of our senior management team, or if we fail to attract talented new employees, our business and results of operations could be negatively affected.

We are required to comply with quality and food production standards. The failure to maintain the quality of our products could adversely affect our reputation in the market place and result in product recalls.

The Company is required to maintain the quality of its products and to comply with product specifications and requirements for certain certifications for food safety from third-party organizations. In addition, the Company is required to comply with all federal, state and local laws with respect to food safety. If we fail to produce products that conform to applicable standards could then we could be subject to product recalls, product liability claims and severe economic loss.

We are subject to the risk of product liability claims

The production and sale of food products for human consumption involves the risk of injury to consumers. Although we believe we have implemented practices and procedures in our operations to promote high quality and safe food products, we cannot assure that consumption of our products will not cause a health related illness or injury in the future or that we will not be subject to claims or lawsuits relating to such matters.

Conflicts of Interest Risk

Certain of our directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from our interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to our best interests. However, in conflict of interest situations, our directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to us. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Key Personnel Risk
Our success will depend on our directors and officers to develop our business and manage our operations, and on our ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on our business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations.

Speculative Nature of Investment Risk
An investment in our common shares carries a high degree of risk and should be considered as a speculative investment by purchasers. We have no history of earnings, limited cash reserves, a limited operating history, have not paid dividends, and are unlikely to pay dividends in the immediate or near future. We are in the development and planning phases of our business and have not started commercialization of our products and services. Our operations are not yet sufficiently established such that we can mitigate the risks associated with our planned activities.

Global Economy Risk
The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. We will be dependent upon the capital markets to raise additional financing in the future, while we establish a client base for our product. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, we are subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact our ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to us and our management. If uncertain market conditions persist, our ability to raise capital could be jeopardized, which could have an adverse impact on our operations and the trading price of our Common Shares on the CSE.

Dividend Risk
We have not paid dividends in the past and do not anticipate paying dividends in the near future. We expect to retain our earnings to finance further growth and, when appropriate, retire debt.

CRITICAL ACCOUNTING JUDGEMENTS & ESTIMATES

The preparation of the consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reporting amounts of assets and liabilities at the date of the financial statements and reporting amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue, and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the audited consolidated financial statements for the year ended December 31, 2015.

Areas that often require significant management estimates and judgment include share-based compensation, warrants, going concern assessment, accruals, provisions, and determination of the functional currency and income tax provisions. The following is an outline of the estimates that the Company considers as critical in the preparation of its financial statements:

(a) The Company has recorded stock-based compensation using the *Black-Scholes Pricing Model*, which requires an assumption of the risk-free rate, expected lives of the stock options, forfeiture rates, and their related volatilities.
(b) The Company has recorded warrants using the *Black-Scholes Pricing Model,* which requires an assumption of the risk-free rate, expected lives of the warrants, and their related volatilities.
(c) The Company reviews assets' carrying values and impairment charges to determine recoverable amounts which requires management to make a decision on the best available information at each reporting period.
(d) The Company has recorded depreciation expense on property and equipment which requires management to make estimates around the assets lives and depreciation rates.
(e) Future income tax assets are recognized to the extent it is more likely than not they will be realized.

RECENT ACCOUNTING PRONOUNCEMENTS

The adoption of the new and revised standards, amendments and interpretations issued by the IASB effective for periods beginning on or after January 1, 2015 has not had a material impact on the accounting policies, methods of computation or presentation applied by the Company.

Additional new or amended accounting standards that have been previously issued by the IASB but are not yet effective, and have not been applied by the Company, are as follows:

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 – *Financial Instruments* ("IFRS 9") to replace IAS 39 – *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15, Revenue Recognition

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. On July 22, 2015, the IASB confirmed a one year deferral of the effective date of IFRS 15, therefore the standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 Leases, which will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, but earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management assessed the effectiveness of the Company's internal controls over financial reporting for the year ended December 31, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework. Based on this assessment, management believed that, as of December 31, 2015, our internal controls over financial reporting were effective based on those criteria.

No changes in the Company's internal controls, or other factors that have materially affected, or are reasonably likely to materially affect these controls, have occurred during the period ended December 31, 2015.

LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believe that any system of controls and procedures over financial reporting and disclosure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

OTHER MD&A REQUIREMENTS

Capital Stock

The Company has an unlimited number of common shares authorized with 56,198,923 outstanding on December 31, 2015 and 57,508,231 as of the date of this MD&A.

As at December 31, 2015, options to purchase 4,600,000 common shares and warrants to purchase 17,511,310 common shares were outstanding. As of the date of this MD&A, options to purchase 5,550,000 common shares and warrants to purchase 18,267,316 common shares were outstanding.

ADVISORY ON FORWARD-LOOKING INFORMATION

This Management's Discussion and Analysis contains certain forward-looking statements, including statements regarding the business and anticipated future financial performance of the Company, which involve risks and uncertainties. These risks and uncertainties may cause the Company's actual results to differ materially from those contemplated by the forward-looking statements. Factors that might cause or contribute to such differences include, among others, market price, continued availability of capital financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and those actual results or developments may differ materially from those projected in the forward-looking statements. Investors are also directed to consider other risks and uncertainties discussed in the Company's required financial statements and filings.

Forward-looking statements in this Management's Discussion and Analysis include references to:

- Management's Development Strategy including estimated timelines, marketing efforts and sales targets and timing.