

Captiva Verde Land Corp.

Financial Statements

For the year ended October 31, 2018 and 2017

(amounts expressed in Canadian dollars, except where indicated)

Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Captiva Verde Land Corp.:

We have audited the accompanying financial statements of Captiva Verde Land Corp., which comprise the statements of financial position as at October 31, 2018 and 2017 and the statements of loss and comprehensive loss, equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

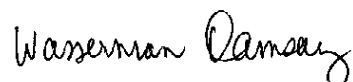
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Captiva Verde Land Corp. as at October 31, 2018 and 2017 and the results of its operations, cash flows and equity for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the financial statements, which discloses the Company has a working capital deficiency in the amount of \$68,218 at October 31, 2018 as well as describing other matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.



Markham, Ontario
February 27, 2019

Chartered Professional Accountants
Licensed Public Accountants

Captiva Verde Land Corp.
Statement of Financial Position

(amounts expressed in Canadian dollars, except where indicated)

	Note	October 31, 2018	October 31, 2017
Assets			
Current Assets			
Cash		\$ 268,212	\$ 155,984
Other receivables	5	9,609	7,398
Prepays and advances		-	47,373
Deferred prospectus costs	7	-	3,675
Total current assets		277,821	214,430
Land acquisition	6	1,374,605	-
Total assets		\$ 1,652,426	\$ 214,430
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 346,039	\$ 94,761
Subscription proceeds received		-	5,000
Total current liabilities		346,039	99,761
Total liabilities		\$ 346,039	\$ 99,761
Shareholders' equity			
Share capital	7	\$ 1,626,638	\$ 250,604
Warrants Reserves	8	47,627	35,090
Deficit		(367,878)	(171,025)
Total shareholders' equity		1,306,387	114,669
Total liabilities shareholders' equity		\$ 1,652,426	\$ 214,430

Nature of operations and going concern (note 1)
Subsequent events (note 12)

Approved by the Board of Directors

_____ "Jeff Ciachurski" Director

Captiva Verde Land Corp.

Statement of Loss and Comprehensive Loss

For the year ended October 31, 2018 and 2017

(amounts expressed in Canadian dollars, except where indicated)

	Note	Year Ended October 31,	
		2018	2017
Expenses			
Administrative fees		\$ (73,383)	\$ (1,945)
Consulting fees		(50,964)	(43,202)
Filing fees		(15,311)	(10,968)
Legal and professional fee		(30,731)	(106,053)
Foreign exchange loss		(2,231)	(997)
Travel		(24,233)	(7,860)
Net loss		(196,853)	(171,025)
Other comprehensive (loss) income ("OCI")			
		-	-
Loss and comprehensive loss for the period		\$ (196,853)	\$ (171,025)
Loss per share			
Basic and diluted		\$ (0.00)	(0.00)
Weighted average shares outstanding			
Basic and diluted		70,624,221	34,385,028

Captiva Verde Land Corp.

Statement of Changes in Shareholders' Equity

For the year ended October 31, 2018 and 2017

(amounts expressed in Canadian dollars, except where indicated)

	Notes	Shares	Share capital	Share based compensation reserves	Warrants reserves	Share to be issued	Deficit	Total equity
Balance at October 31, 2017		69,660,591	\$ 250,604	\$ -	\$ 35,090	-	\$ (171,025)	\$ 114,669
Prospectus		5,000,000	500,000	-	-	-	-	500,000
Prospectus issuance costs		-	(222,716)	-	12,537	-	-	(210,179)
Finance shares		300,000	30,000	-	-	-	-	30,000
Shares issued on land acquisition	6	10,687,500	1,068,750	-	-	-	-	1,068,750
Net loss for the period		-	-	-	-	-	(196,853)	(196,853)
Balance at October 31, 2018		85,648,091	\$ 1,626,638	\$ -	\$ 47,627	-	\$ (367,878)	\$ 1,306,387
Balance at October 31, 2016		1	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 1
Shares issued on plan of arrangement		63,465,871	-	-	-	-	-	-
Private placement		6,194,720	275,685	-	35,090	-	-	310,775
Share issuance costs		-	(25,081)	-	-	-	-	(25,081)
Cancellation of founder's share		(1)	(1)	-	-	-	-	(1)
Net loss for the period		-	-	-	-	-	(171,025)	(171,025)
Balance at October 31, 2017		69,660,591	\$ 250,604	\$ -	\$ 35,090	\$ -	\$ (171,025)	\$ 114,669

Captiva Verde Land Corp.

Statement of Cash Flows

For the year ended October 31, 2018 and 2017

(amounts expressed in Canadian dollars, except where indicated)

	Note	Year Ended October 31,	
		2018	2017
Cash used from operating activities			
Net loss for the period		\$ (196,853)	\$ (171,025)
Change in non-cash operating working capital			
Decrease (increase) in prepaid expenses and other receivables		45,162	(54,771)
Increase (decrease) in accounts payable and accrued liabilities		111,283	94,761
Net cash used in operating activities		(40,408)	(131,035)
Cash flows from investing activities			
Land acquisition		(170,862)	-
		(170,862)	-
Cash flows from financing activities			
Proceeds from private placement, net		-	285,693
Proceeds from prospectus, net		323,498	-
Subscription proceeds received		-	5,000
Deferred issuance costs		-	(3,675)
		323,498	287,018
Increase in cash		112,228	155,983
Cash – beginning of year		155,984	1
Cash – end of year		\$ 268,212	\$ 155,984

Captiva Verde Land Corp.

Notes to the Condensed Interim Financial Statements

For the year ended October 31, 2018 and 2017

(amounts expressed in Canadian dollars, except where indicated)

1 Nature of business and continuing operations

Captiva Verde Land Corp. (“Captiva Verde” or the “Company”) is a company which plans to enter into the business of developing sustainable real estate projects.

Captiva Verde was incorporated as Just Baseball Limited and changed its name to Captiva Verde Land Corp. on March 3, 2017. The Company was incorporated under the British Columbia Business Corporations Act on November 9, 2015. The Company’s registered and records office is located at 1500 Royal Centre, 1055 West Georgia Street, P.O. Box 11117, Vancouver, BC V6E 4N7.

These financial statements have been prepared on the basis that the Company is a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The nature of the Company’s primary business is planned to be the acquisition, management, development, and possible sale of real estate projects. The Company had a net loss of \$196,853 for the year ended October 31, 2018 (October 31, 2017 - \$171,025 loss) and as at October 31, 2018 has an accumulated deficit of \$367,878 (October 31, 2017 - \$171,025). As at October 31, 2018, the Company has working capital deficit of \$68,218 (October 31, 2017 – 114,669). To date, the Company has no existing business operations and no history of earning or revenues. The Company raised \$500,000 (see Note 7) for Prospectus Offering, if the Company is unable to raise any additional funds to undertake planned development, it could have a material adverse effect on its financial condition and cause significant doubt about the Company’s ability to continue as a going concern. If the going concern basis were not appropriate for these consolidated financial statements, then significant adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses, and the classifications used in the statement of financial position.

2 Basis of presentation and statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), effective as October 31, 2018. The policies set out below were consistently applied to all periods presented.

These financial statements were authorized for issue by the Board of Directors on February 27, 2019.

3 Significant accounting policies

Basis of presentation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values as described in the significant accounting policies. All information is expressed in Canadian dollars unless otherwise stated and are prepared in accordance with the significant accounting policies outlined below.

Certain other prior period balances have been reclassified to conform with current period presentation.

Cash

Cash includes cash on deposit and short-term investments with a maturity at the date of purchase of 90 days or less.

Financial Instruments – recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), loans and receivables, or other liabilities and held-to-maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. Financial assets classified as FVTPL are measured at fair values with unrealized gains and losses recognized through profit and loss.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts

Captiva Verde Land Corp.

Notes to the Condensed Interim Financial Statements

For the year ended October 31, 2018 and 2017

(amounts expressed in Canadian dollars, except where indicated)

(including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets classified as Fair value through other comprehensive income ("FVTOCI") are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that investment is below its cost.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

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

Impairment of financial instruments

The Company assesses at each financial reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired using the following criteria:

- For FVTOCI financial assets, an impairment loss is established when there is a significant or prolonged decline in the fair value of the investment or when there is objective evidence that the carrying amount of the investment may not be recovered. The amount of the impairment loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial assets previously recognized in the statement of loss and comprehensive loss. Any amounts related to that asset are removed from losses accumulated in the fair value reserve recognized in shareholder's equity and are included in the statement of loss and comprehensive loss. Reversals in respect of FVTOCI financial assets are not reversed through the statement of loss and comprehensive loss. Any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income (loss) until the assets are disposed of.
- For loans and receivables, a provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor or delinquency in payments are considered indicators that a trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of provision account and the amount of the loss is recognized in the statement of loss and comprehensive loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of loss and comprehensive loss.

Property held for development and sale

Capitalized costs for land under development and sale include costs of conversion and other costs relating to the development of the property.

Property held for development is recorded at the lower of cost and net realizable value.

Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are substantively enacted at the end of each reporting period.

Captiva Verde Land Corp.

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Deferred income tax

Deferred income tax is provided using the liability method on temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax assets or liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable or deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or venture and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax relating to items recognized directly in equity is recognized in the statements of changes in equity and not in the statements of loss and comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Share-based payments

The Company accounts for share-based compensation using the Black-Scholes option pricing model. Accordingly, the fair value of the options at the date of grant is accrued with a corresponding credit to equity compensation reserve and charged to earnings over the vesting period. If, and when, the stock options are exercised, the applicable amounts of equity compensation reserve are transferred to share capital.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. At the present time the Company has no provisions.

Earnings per share

Earnings per share is calculated based on the weighted average number of shares outstanding during the period. The Company follows the treasury stock method for the calculation of diluted earnings per share. Under this method, dilution is calculated based upon the net number of common shares issued should “in-the-money” options and warrants be exercised and the proceeds be used to repurchase common shares at the average market price in the year. Dilution from convertible securities is calculated based on the number of shares to be issued after taking into account the reduction of the related after-tax interest expense.

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(amounts expressed in Canadian dollars, except where indicated)

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of share options and warrants, if dilutive.

New Accounting Standards Adopted during the period

IFRS 9 – Financial Instruments (“IFRS 9”)

In July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity’s business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard was adopted on January 1, 2018 and did not have an impact on the financial statements.

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

In May 2014, IASB issued IFRS 15 to replace IAS 18 – Revenue, which establishes a new single five-step control-based revenue recognition model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The amended standard was adopted on January 1, 2018 and did not have an impact on the financial statements.

New Accounting Standards Issued But Not Yet Effective

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee. The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted, but only in conjunction with IFRS 15.

The Company has not yet completed the process of assessing the impact of IFRS 16 will have on its consolidated financial statements, or whether to early adopt this new requirement.

4 Significant accounting estimates and judgments

The preparation of these financial statements in conformity with IFRS 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 reported 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. Revisions to estimates and the resulting effects on the carrying amounts of the Company’s assets and liabilities are accounted for prospectively.

Captiva Verde Land Corp.

Notes to the Condensed Interim Financial Statements

For the year ended October 31, 2018 and 2017

(amounts expressed in Canadian dollars, except where indicated)

5 Other receivables

	October 31, 2018	October 31, 2017
GST receivable	\$ 9,609	\$ 888
Greenbriar advance receivable ⁽¹⁾	-	6,510
	9,609	7,398

(1) During the year ended October 31, 2017, the Company advanced \$6,510 to Greenbriar Capital Corp. which is a related party as a result of having the same CEO and directors in common. The advance is non-interest bearing, unsecured and was repaid in Q1 2018.

6 Land acquisition agreement

On October 1, 2017, the Company entered into an acquisition agreement with Greenbriar Capital (U.S.) LLC to purchase a 50% undivided interest in approximately 132 acres of real property located in the City of Tehachapi, California, USA. The acquisition represents a non-arm's length transaction as the Chief Executive Officer of the Company, Jeffrey Ciachurski, is also the Chief Executive Officer of Greenbriar. The purchase price of \$2,250,000 is divided into 5% payable by a one-year interest-free promissory note and 95% in common shares representing 10,687,500 common shares of the Company.

On October 9, 2018, the Company announced that pursuant to the terms of the acquisition agreement with Greenbriar, the Company completed the acquisition of the 50% undivided interest in a property located in Tehachapi, California. As consideration for the Acquisition, the Company issued 10,687,500 common shares of the Company to Greenbriar and the \$112,500 one-year interest free loan was immediately settled in cash upon closing. The Acquisition Shares are subject to a four-month hold period which will expire on February 10, 2019.

	October 31, 2018	October 31, 2017
Opening	\$ -	\$ -
Shares issued (10,687,500 common shares at \$0.10 per share)	1,068,750	-
Cash	112,500	-
Capitalized costs	193,355	-
	1,374,605	-

7 Share capital

a) Authorized and outstanding

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at October 31, 2018 the issued and outstanding share capital consists of 85,648,091 common shares.

On April 26, 2017, Captiva Verde Land Corp. completed an acquisition pursuant to a plan of arrangement ("Plan of Arrangement") by entering into an arrangement agreement made effective as of February 21, 2017 (the "Arrangement Agreement") among the Company and Captiva Verde Industries Inc. ("CVI"), whereby CVI shareholders acquired shares of the Company (the "Transaction").

Pursuant to the Arrangement Agreement, the Company issued one share of the Company for every share of CVI to the shareholders of CVI. The Arrangement Agreement resulted in the issuance of 63,465,871 common shares of the Company to the shareholders of CVI at a deemed value of \$nil.

Captiva Verde Land Corp.

Notes to the Condensed Interim Financial Statements

For the year ended October 31, 2018 and 2017

(amounts expressed in Canadian dollars, except where indicated)

Pursuant to the Transaction, the Company became a reporting issuer in British Columbia, Alberta and Ontario.

On July 4, 2017, the Company closed a private placement and issued 4,560,000 units at a price of \$0.05 per unit for gross proceeds of \$228,000. Each unit consists of one common share and one half common share purchase warrant. Each warrant will be exercisable into one common share at \$0.10 for a period of five years after the closing date. The share purchase warrant's fair value of \$29,021 was recorded in the reserves. The Company paid a finder's fee in the aggregate amount of \$4,550 and incurred \$6,564 in issuance costs.

On September 6, 2017, the Company closed a private placement and issued 900,000 units at a price of \$0.05 per unit and on September 7, 2017, the Company closed a private placement and issued 150,000 units at a price of \$0.05 per unit for total combined gross proceeds of \$52,500. Each unit consists of one common share and one half common share purchase warrant. Each warrant will be exercisable into one common share at \$0.10 for a period of five years after the closing date. The Company paid a finder's fee in the aggregate amount of \$525 and incurred \$5,837 in issuance costs.

On September 29, 2017, the Company closed a private placement and issued 584,720 units at a price of \$0.05 per unit for gross proceeds of \$29,236. Each unit consists of one common share and one half common share purchase warrant. Each warrant will be exercisable into one common share at \$0.10 for a period of five years after the closing date. The Company incurred \$8,130 in issuance costs.

On October 10, 2018, the Company closed a prospectus offering. Under the offering, the Company issued 5,000,000 common shares at a price of \$0.10 per Share for gross proceeds of \$500,000. PI Financial Corp. acted as sole agent for the Offering. In consideration for acting as agent, the Agent received a cash commission of \$35,000, such amount being equal to 7% of the gross proceeds of the Offering, a corporate finance fee consisting of a cash portion and 300,000 common shares of the Company. The Company also issued the agent warrants to purchase 350,000 common shares of the Company at a price of \$0.10 for a period of 36 months after closing of the Offering. All of the Corporate Finance Shares and a portion of the agent warrants were qualified for distribution under the Prospectus. The balance of the agent warrants is subject to a four-month hold period which will expire on February 10, 2019. The Company incurred transaction costs of \$222,716 related to the prospectus which is recorded as a reduction of share capital. As at October 31, 2018 the Company had \$nil (2017 - \$3,675) in deferred prospectus costs.

On October 10, 2018, the Company also announced that pursuant to the terms of the acquisition agreement with Greenbriar Capital (U.S.) LLC ("Greenbriar"), it completed the acquisition of a 50% undivided interest in a property located in Tehachapi, California as further described in the Prospectus. As consideration for the Acquisition, the Company issued 10,687,500 common shares of the Company to Greenbriar and the \$112,500 one-year interest free loan was immediately settled in cash upon closing. The Acquisition Shares are subject to a four-month hold period which will expire on February 10, 2019.

8 Share purchase warrants

On July 4, 2017, the Company closed a private placement and issued 4,560,000 units. The total warrants issued were 2,280,000. The fair value of warrant was calculated at \$25,758 and was determined on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 1.43% risk free interest rate, expected life of 5 years, 50% annualized volatility and 0% dividend rate.

On September 6, 2017, the Company closed a private placement and issued 900,000 and on September 7, 2017, the Company closed a private placement and issued 150,000 units. The total warrants issued were 525,000. The fair value of warrant was calculated at \$5,986 and was determined on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 1.66% risk free interest rate, expected life of 5 years, 50% annualized volatility and 0% dividend rate.

On September 29, 2017, the Company closed a private placement and issued 584,720 units. The total warrants issued were 292,360. The fair value of warrant was calculated at \$3,346 and was determined on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 1.75% risk free interest rate, expected life of 5 years, 50% annualized volatility and 0% dividend rate.

On October 10, 2018, the Company closed a prospectus offering and issued 5,000,000 units. The total agent warrants issued were 350,000. The fair value of warrant was calculated at \$12,537 and was determined on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 2.32% risk free interest rate, expected life of 3 years, 50% annualized volatility and 0% dividend rate.

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Notes to the Condensed Interim Financial Statements

For the year ended October 31, 2018 and 2017

(amounts expressed in Canadian dollars, except where indicated)

	October 31, 2018		October 31, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding - beginning of year	3,097,360	\$ 0.10	-	\$ -
Issued	350,000	0.10	3,097,360	0.10
Outstanding – as at period end	3,447,360	\$ 0.10	3,097,360	\$ 0.10

Number of warrants	Exercise price per warrant	Expiry date
2,280,000	\$0.10	July 4, 2022
450,000	\$0.10	September 6, 2022
75,000	\$0.10	September 7, 2022
292,360	\$0.10	September 29, 2022
350,000	\$0.10	October 10, 2021
3,447,360		

9 Financial instruments

The Company reports its financial instruments on its balance sheet and measures these at fair value. In limited circumstances when fair value may not be considered most relevant, they may be reported at cost or amortized cost. Gains or losses as a result of changes in fair value are recognized in the consolidated statement of operations and comprehensive loss.

The Company's financial instruments consist of cash, other receivables and accounts payable and accrued liabilities. The fair value of these financial instruments approximates the carrying value due to the short maturity or current market rate associated with these instruments.

Categories of financial instrument

	October 31, 2018		October 31, 2017	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
<i>Fair value through profit and loss ("FVTPL")</i>				
Cash	268,212	268,212	155,984	155,984
<i>Loans and receivables</i>				
Other receivables and advances	9,609	9,609	7,398	7,398
Financial liabilities				
<i>Other financial liabilities</i>				
Accounts payable and accrued liabilities	346,039	346,039	94,761	94,761

Fair value

Financial instruments measured at fair value are grouped into Level 1 to 3 based on the degree to which fair value is observable:

Level 1 – quoted prices in active markets for identical securities

Captiva Verde Land Corp.

Notes to the Condensed Interim Financial Statements

For the year ended October 31, 2018 and 2017

(amounts expressed in Canadian dollars, except where indicated)

Level 2 – significant observable inputs other than quoted prices included in Level 1

Level 3 – significant unobservable inputs

Cash is measured at Level 1.

The Company did not move any instruments between levels of the fair value hierarchy during the year ended October 31, 2018.

Interest Rate Risk

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 currently not exposed to any interest rate risk.

Credit Risk

The Company is exposed to credit risk through its cash, which is held in large Canadian financial institutions with high credit rating, deposits and other receivables. The Company believes the credit risk is insignificant. The Company's exposure is limited to amounts reported within the statement of financial position.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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 development or sale of future properties or raise additional funds.

10 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers, directors or companies with common directors of the Company.

The remuneration of the Company's directors and other key management personnel during the period ended October 31, 2018 and 2017 are as follows:

	October 31, 2018	October 31, 2017
Short-term employee benefits	\$ 51,256	\$ 32,172

These expenses were measured at the exchange amounts agreed upon by the parties. As at October 31, 2018 the Company had amounts payable of \$73,798 (October 31, 2017 - \$12,437) to these parties. These amounts are unsecured and non-interest bearing.

As at October 31, 2018, the Company had a prepaid advance to a director and shareholder for \$nil (October 31, 2017 – \$28,998) The advance is non-interest bearing and unsecured.

For the year ended October 31, 2018 the Company accrued an amount of \$40,000 payable to a director and shareholder of the Company related to office space and administrative expenses (October 31, 2017 - \$nil).

During the year ended October 31, 2017, the Company advanced \$6,510 to Greenbriar Capital Corp. which is a related party as a result of having the same CEO and directors in common. The advance is non-interest bearing, unsecured and was repaid during the period. In addition, the Company also acquired the 50% interest in the development land from Greenbriar (see Note 6 for further information).

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11 Income taxes

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 27.0% (2017 - 27.0%) as follows:

	October 31, 2018	October 31, 2017
Loss for the year	\$ (196,853)	\$ (171,025)
Expected income tax recovery	(53,150)	(46,177)
Share issuance costs	(14,735)	-
Change in unrecognized deductible temporary differences	112,681	54,973
Other	(44,796)	(8,796)
Total income tax expense (recovery)	\$ -	\$ -

As at October 31, 2018, no deferred tax assets are recognized on the following temporary differences as it is not probable that sufficient future taxable profit will be available to realize such assets:

	October 31, 2018	October 31, 2017
Share issue costs	52,170	6,772
Canadian non-capital losses available for future period	115,484	48,201

The Company's non-capital losses available for future periods expire between 2027 and 2028.

12 Subsequent events

- 1) On November 13, 2018, the Company closed a private placement and issued 2 million units at \$0.14 per unit for gross proceeds of \$280,000. Each unit comprises one common share and one half of one common share purchase warrant with a whole warrant exercisable into one common share at a price of \$0.25 for a period of one year from the date of closing.
- 2) On November 29, 2018 the Company issued share-purchase options totaling 3,750,000 options at a price of \$0.11 per share for a term of five years.
- 3) Subsequent to year end the Supreme Court of Mexico legalized Hemp Seed Oil for all forms of adult use. The Company proposes the issuance of one million common shares to S & G Procesos Industriales, S.A de C.V upon approval of the Canadian Securities Exchange where S & G will be responsible for the infusion and distribution of finished Hemp Seed Oil products for the local and export market. In addition, Captiva has reached an agreement dated Jan. 10, 2019 with S & G Procesos Industriales, S.A de C.V of Mexico, for the acquisition of Hemp Seed Oil Licenses, related land and facilities in the Republic of Mexico once the defined regulations are finalized by the newly elected administration. S&G will receive from Captiva a M&A fee of 7% of the proceeds to be paid by Captiva for such licenses, land and facilities.

The final price will be settled when the regulations by the newly elected administration are complete and Captiva will seek financing at the project level by credit facilities with repayments from a percentage of product sales. Captiva will provide updates as the regulations mandated by the Supreme Court are finalized. Law requires the administration to have the regulations in place within 90 days of the Oct. 31, 2018 ruling but Captiva expects some delays within the administration.
- 4) On February 26, 2019, the Company closed a private placement and issued 3 million units at \$0.10 per unit for gross proceeds of \$300,000. Each unit comprises one common share and one half of one common share purchase warrant with a whole warrant exercisable into one common share at a price of \$0.25 for a period of one year from the date of closing.