

**RE: INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE  
MONTHS ENDED JANUARY 31, 2020 AND 2019**

The first quarter financial statements for the three months ended January 31, 2020 and 2019 have not been reviewed by the auditors of Captiva Verde Land Corp.

**CAPTIVA VERDE LAND CORP.**

“Anthony Balic”

**Anthony Balic**

Chief Financial Officer

# **Captiva Verde Land Corp.**

Condensed Interim Financial Statements  
For the three months ended January 31, 2020 and 2019  
(Unaudited)  
(amounts expressed in Canadian dollars, except where indicated)

**Captiva Verde Land Corp.**  
**Statement of Financial Position**

(amounts expressed in Canadian dollars, except where indicated)

	Note	January 31, 2020	October 31, 2019
<b>Assets</b>			
<b>Current Assets</b>			
Cash		\$ 194,111	\$ 735,371
Other receivables		90,283	34,439
Prepays and advances		67,979	14,402
Total current assets		352,373	784,212
Other receivables	10	172,801	166,701
Sage ranch project	5	3,397,621	2,423,055
Solargram farms	6	1,871,144	1,231,996
Mexico Operations	7	80,934	-
Total assets		\$ 5,874,873	\$ 4,605,964
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 530,936	\$ 474,926
Total liabilities		530,936	474,926
<b>Shareholders' equity</b>			
Share capital	8	5,387,788	2,651,963
Share based compensation reserves	8	1,195,528	649,456
Warrants reserves	8	1,182,322	435,533
Subscription proceeds received in advance	13	582,112	2,330,632
Deficit		(3,003,813)	(1,936,546)
Total shareholders' equity		5,343,937	4,131,038
Total liabilities and shareholders' equity		\$ 5,874,873	\$ 4,605,964

*Nature of operations and going concern (note 1)*

*Subsequent event (note 12)*

**Approved by the Board of Directors**

\_\_\_\_\_ "Jeff Ciachurski" Director

\_\_\_\_\_ "Michael Boyd" Director

# Captiva Verde Land Corp.

## Statement of Loss and Comprehensive Loss

For the period ended January 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

		<b>Three months Ended January 31,</b>	
	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Expenses</b>			
Administrative fees		\$ (100,444)	\$ (59,112)
Consulting fees		(45,308)	(129,750)
Filing fees		(8,711)	(6,859)
Legal and professional fee		(341,916)	(1,597)
Foreign exchange loss		(1,229)	(18,690)
Travel		(23,587)	-
Stock-based compensation	8	(546,072)	(344,852)
<b>Net loss</b>		<b>(1,067,267)</b>	<b>(560,860)</b>
<b>Other comprehensive (loss) income ("OCI")</b>		-	-
<b>Loss and comprehensive loss for the period</b>		<b>\$ (1,067,267)</b>	<b>\$ (560,860)</b>
<b>Loss per share</b>			
Basic and diluted		\$ (0.01)	(0.00)
<b>Weighted average shares outstanding</b>			
Basic and diluted		105,203,327	87,365,482

# Captiva Verde Land Corp.

## Statement of Changes in Shareholders' Equity

For the period ended January 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

	Notes	Shares	Share capital	Share based compensation reserves	Warrants reserves	Subscription proceeds received	Deficit	Total equity
<b>Balance at October 31, 2019</b>		95,062,966	\$ 2,651,963	\$ 649,456	435,533	\$ 2,330,632	\$ (1,936,546)	\$ 4,131,038
Private placement	8	9,474,000	1,570,489	-	798,031	(2,330,632)	-	37,888
Private placement transaction cost	8	-	(9,795)	-	-	-	-	(9,795)
Shares for services	8	1,284,229	321,057	-	-	-	-	321,057
Land acquisition	8	2,000,000	500,000	-	-	-	-	500,000
Warrants exercised	8	1,278,423	354,074	-	(51,242)	-	-	302,832
Share subscriptions received	12	-	-	-	-	582,112	-	582,112
Stock-based compensation	8	-	-	546,072	-	-	-	546,072
Net loss for the period		-	-	-	-	-	(1,067,267)	(1,067,267)
<b>Balance at January 31, 2020</b>		109,099,618	\$ 5,387,788	\$ 1,195,528	\$ 1,182,322	\$ 582,112	\$ (3,003,813)	\$ 5,343,937

	Notes	Shares	Share capital	Share based compensation reserves	Warrants reserves	Subscription proceeds received	Deficit	Total equity
<b>Balance at October 31, 2018</b>		85,648,091	\$ 1,626,638	\$ -	\$ 47,627	\$ -	\$ (367,878)	1,306,387
Private placement		2,000,000	275,766	-	4,234	-	-	280,000
Private placement transaction cost		-	(1,444)	-	-	-	-	(1,444)
Stock-based compensation	6	-	-	344,852	-	-	-	344,852
Net loss for the period		-	-	-	-	-	(560,860)	(560,860)
<b>Balance at January 31, 2019</b>		87,648,091	\$ 1,900,960	\$ 344,852	\$ 51,861	\$ -	\$ (928,738)	\$ 1,368,935

# Captiva Verde Land Corp.

## Statement of Cash Flows

For the period ended January 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

	Note	Three months Ended January 31,	
		2020	2019
<b>Cash used from operating activities</b>			
Net loss for the period		\$ (1,067,267)	\$ (560,860)
Change in non-cash operating working capital			
Stock-based compensation	6	546,072	344,852
Foreign exchange		1,623	17,968
Decrease (increase) in prepaid expenses and other receivables		(117,144)	(926)
Increase (decrease) in accounts payable and accrued liabilities		256,010	(39,603)
<b>Net cash used in operating activities</b>		<b>(380,706)</b>	<b>(238,569)</b>
<b>Cash flows from investing activities</b>			
Solargram farms		(639,148)	-
Land development		(474,566)	(280,101)
Mexico operations		(80,934)	-
		(1,194,648)	(280,101)
<b>Cash flows from financing activities</b>			
Proceeds from private placement, net of transaction costs	6	159,140	278,556
Share subscriptions received		582,112	-
Proceeds received from warrant exercises		292,842	-
		1,034,094	278,556
<b>Increase in cash</b>		<b>(541,260)</b>	<b>(240,114)</b>
<b>Cash – beginning of period</b>		<b>735,371</b>	<b>268,212</b>
<b>Cash – end of period</b>		<b>\$ 194,111</b>	<b>\$ 28,098</b>

# Captiva Verde Land Corp.

## Notes to the Condensed Interim Financial Statements

For the period ended January 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

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### 1 Nature of business and continuing operations

Captiva Verde Land Corp. (“Captiva Verde” or the “Company”) is a sustainable real estate company that invests in assets that contain green residential communities, disruptive manufacturing facilities, organic food production and pharmaceutical products.

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 in addition to organic food production and pharmaceutical products. The Company had a net loss of \$1,067,267 for the period ended January 31, 2020 (January 31, 2019 - \$560,860 loss) and as at January 31, 2020 has an accumulated deficit of \$3,003,813 (October 31, 2019 - \$1,936,546). As at January 31, 2020, the Company has working capital deficit of \$178,562 (October 31, 2019 – working capital of \$309,286). To date, the Company has no existing business operations and no history of earning or revenues. 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 unaudited condensed interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended October 31, 2019.

The Company’s management makes judgments in its process of applying the Company’s accounting policies in the preparation of its unaudited interim condensed financial statements. In addition, the preparation of the financial data requires that the Company’s management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company’s assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company’s assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company’s unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company’s financial statements for the year ended October 31, 2019. In addition the accounting policies applied in these unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company’s audited financial statements for the year ended October 31, 2019.

The Company’s interim results are not necessarily indicative of its results for a full year.

These interim financial statements were authorized for issue by the Board of Directors on March 24, 2020.

### 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.

# Captiva Verde Land Corp.

## Notes to the Condensed Interim Financial Statements

For the period ended January 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

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### Financial Instruments - Recognition and Measurements

#### (i) Non-derivative financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Certain receivables are measured at amortized cost with subsequent impairments recognized in profit or loss. Cash is classified as FVTPL.

#### Impairment

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

#### (ii) Non-derivative financial liabilities

Financial liabilities, other than derivatives, are initially recognized at fair value less directly attributable transaction costs. Subsequently, financial liabilities are 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 allocating the 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. The Company’s accounts payable and accrued liabilities are measured at amortized cost.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon recognition as FVTPL. Fair value changes on these liabilities are recognized in profit or loss.

#### (iii) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value and subsequently measured at fair value with changes in fair value recognized in profit or loss. Transaction costs are recognized in profit or loss as incurred.

### Property held for development and sale

Construction in progress expenditures, including the cost of material, direct labour, and other direct costs are recognized as property, plant and equipment when the following recognition requirements are met:

- costs can be measured reliably; and
- it is probably that future economic benefits associated with the item will flow to the Company.

Construction in progress assets are amortized once they are available for their intended use.



# Captiva Verde Land Corp.

## Notes to the Condensed Interim Financial Statements

For the period ended January 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

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### **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.

#### *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 asset 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 statement of changes in shareholders' equity and not in the statement 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 share based compensation reserves and charged to earnings over the vesting period. If, and when, the stock options are exercised, the applicable amounts of share based compensation reserves are transferred to share capital. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the stock-based compensation. Otherwise, share-based compensation is measured at the fair value of goods or services received.

### **Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

The Company has adopted a relative fair value method with respect to the measurement of shares and warrants issued as units. Under the relative fair value method, the Company first determines the fair values of the shares and warrants included in the units, then allocates the unit price based on the relative fair value of the instruments included in the unit. The Company considers the fair value of common shares

# Captiva Verde Land Corp.

## Notes to the Condensed Interim Financial Statements

For the period ended January 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

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issued in these types of transactions to be determined by the closing quoted bid price on the issuance date. The fair value of the warrants included is determined using the Black-Scholes option pricing model. Any fair value attributed to the warrants is recorded to reserves.

### 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.

### Loss per share

Loss 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.

Basic loss per share is computed by dividing loss for the year by the weighted average number of common shares outstanding during the reporting period. Diluted loss 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 year*

#### *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 was adopted November 1, 2019 and did not have an impact on the financial statements.

## 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.

Areas that often require significant management estimates and judgment are as follows:

### Share-based payments

Amounts recorded for share-based payments are subject to the inputs used in the Black-Scholes option pricing model, including estimates such as volatility, forfeiture, dividend yield and expected option life.

# Captiva Verde Land Corp.

## Notes to the Condensed Interim Financial Statements

For the period ended January 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

### Tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable earnings will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable earnings together with future tax planning strategies.

### Functional currency

The functional currency for the Company is the currency of the primary economic environment in which each operates. The Company's functional and local currency is the Canadian dollar. The determination of functional currency may require certain judgments to determine the primary economic environment. The Company reconsiders the functional currency used when there is a change in events and conditions which determined the primary economic environment.

### Assets' carrying values and impairment charges

In determining carrying values and impairment charges the Company looks at recoverable amounts, defined as the higher of value in use or fair value less cost to sell in the case of assets, and at objective evidence that identifies significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

## 5 Land acquisition agreement

On October 9, 2018, the Company closed the acquisition agreement with Greenbriar Capital (U.S.) LLC ("Greenbriar") 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. As consideration for the acquisition, the Company issued 10,687,500 common shares of the Company to Greenbriar and a \$112,500 one-year interest free loan, which was immediately settled in cash upon closing.

	January 31, 2020	October 31, 2019
Opening	\$ 2,423,055	\$ 1,374,605
Construction in progress	974,566	1,048,450
	<b>\$ 3,397,621</b>	<b>\$ 2,423,055</b>

## 6 Solargram farms

On May 8, 2019, the Company entered into an agreement to acquire Solargram Farms Corporation ("Solargram"), a Canadian controlled private corporation, having corporate offices in Moncton, NB. As consideration the Company will issue 30,000,000 shares upon acquisition which has a prerequisite of Solargram obtaining their Cannabis Grow License by Health Canada. As at October 31, 2019 this transaction has not yet closed.

On September 26, 2019, the Company completed the acquisition of over 5 million square feet of land for cannabis production and 30,000 square feet of buildings to commence the infrastructure buildout for Solargram's Health Canada site evidence package as part of the final steps to obtaining an outdoor organic grow license. Subsequent to entering into the agreement with Solargram, a shareholder of Solargram became the Vice President of the Company.

# Captiva Verde Land Corp.

## Notes to the Condensed Interim Financial Statements

For the period ended January 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

	January 31, 2020	October 31, 2019
Opening	\$ 1,231,996	\$ -
Construction in progress	639,148	1,231,996
	<b>\$ 1,871,144</b>	<b>\$ 1,231,996</b>

## 7 Mexico operations

The Company has entered into an exchange agreement with Salud Esmeralda de Mexico SA de CV (“Esmeralda”) for the exchange of all of the shares of Esmeralda for 80,000,000 common shares of the Company. The shares are subject to a pooling agreement for one year. Jeff Ciachurski, CEO, is expected to become a shareholder of Esmeralda. As at the end of the year ended October 31, 2019 this transaction has not yet closed.

Esmeralda and its principals acquired from another Mexican corporation, a comprehensive pharmaceutical license to sell, market and distribute pharmaceutical, health, wellness and veterinarian products which include all psychoactive and non-psychoactive drugs listed under Groups I, II & III.

The Company has accrued \$80,934 related to project costs which will be refunded to the company if the transaction does not complete.

## 8 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 January 31, 2020 the issued and outstanding share capital consists of 109,099,618 common shares.

### Fiscal 2020

On November 26, 2019, the Company closed a non-brokered private placement consisting of 9,474,000 units at a price of \$0.25 for total gross proceeds of \$2,368,500. Each unit is comprised of one common share of the Company and one common share purchase warrant of the Company. Each warrant is exercisable into a common share of the Company at an exercise price of \$0.75 for a period of two years. As part of the financing, the Company incurred \$9,795 in transaction costs.

The total warrants issued were 9,474,000. The fair value of warrant was calculated at \$798,031 and was determined on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 1.57% risk free interest rate, expected life of 2 years, 155% annualized volatility and 0% dividend rate.

The Company also closed the purchase of a 5 acre land parcel (formerly owned by the Government) located adjacent the Company’s current land holdings in Tehachapi, California called The Sage Rach Project (the “Property Acquisition”). As consideration for the Property Acquisition, the Company issued the vendor an aggregate of 2,000,000 common shares of the Company, paid USD \$160,000 in cash and Greenbriar will transfer a 28 acre parcel of land in Tehachapi, that is not part of the Sage Ranch project.

The Company also issued an aggregate of 1,284,299 common shares in payment of professional legal services with an arm’s length service provider.

On December 19, 2019 the Company issued share-purchase options totaling 2,000,000 options at a price of \$0.30 per share for a term of five years.

The Company issued 1,278,423 common shares related to warrants exercises for gross proceeds of \$277,842.

# Captiva Verde Land Corp.

## Notes to the Condensed Interim Financial Statements

For the period ended January 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

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### Fiscal 2019

On November 13, 2018, the Company closed a private placement and issued 2,000,000 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. The Company incurred \$1,444 in issuance costs.

The total warrants issued were 1,000,000. The fair value of warrant was calculated at \$47,425 and was determined on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 2.28% risk free interest rate, expected life of 1 years, 160% annualized volatility and 0% dividend rate.

On February 26, 2019, the Company closed a private placement and issued 3,000,000 units at \$0.10 per unit for gross proceeds of \$294,500 and a reduction of accounts payable of \$5,500. 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. The Company incurred \$8,372 in issuance costs.

The total warrants issued were 1,500,000. The fair value of warrant was calculated at \$117,327 and was determined on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 1.76% risk free interest rate, expected life of 1 years, 177% annualized volatility and 0% dividend rate.

On May 8, 2019, the Company closed a private placement and issued 4,125,000 units at \$0.20 per unit for gross proceeds of \$805,000 and a reduction of accounts payable of \$20,000. 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 \$0.35 for a period of one year from the date of closing. The Company incurred \$10,940 in issuance costs.

The total warrants issued were 2,062,500. The fair value of warrant was calculated at \$232,608 and was determined on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 1.62% risk free interest rate, expected life of 1 years, 189% annualized volatility and 0% dividend rate.

On February 7, 2019, 100,000 warrants were exercised and the Company received gross proceeds of \$10,000.

On March 14, 2019, 189,875 warrants were exercised and the Company received gross proceeds of \$18,988.

Subsequent to October 31, 2019, on November 12, 2019, 1,000,000 warrants were exercised and the Company received gross proceeds of \$250,000.

### b) Stock options

On December 19, 2019, the Company issued share-purchase options totaling 2,000,000 options at a price of \$0.30 per share for a term of five years. The fair value of the share options was estimated at \$546,072 on the date of grant using the Black-Scholes option pricing model, with the following assumptions: expected option life of 5 years, expected stock price volatility 200%, dividend payment during life of option was nil and risk free interest rate 1.67%.

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. The fair value of the share options was estimated at \$344,852 on the date of grant using the Black-Scholes option pricing model, with the following assumptions: expected option life of 5 years, expected stock price volatility 156%, dividend payment during life of option was nil, risk free interest rate 2.36%, weighted average exercise price \$0.11, weighted average fair value per option \$0.09, weighted average share price \$0.10.

On March 15, 2019 the Company issued 1,100,000 share-purchase options at a price of \$0.30 per share for a term of five years. The fair value of the share options was estimated at \$304,604 on the date of grant using the Black-Scholes option pricing model, with the following

# Captiva Verde Land Corp.

## Notes to the Condensed Interim Financial Statements

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assumptions: expected option life of 5 years, expected stock price volatility 178%, dividend payment during life of option was nil and risk free interest rate 1.62%.

A summary of stock option information as at January 31, 2020 and October 31, 2019 is as follows:

	January 31, 2020		October 31, 2019	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding – beginning of period	4,850,000	\$ 0.15	-	\$ -
Granted	2,000,000	0.30	4,850,000	0.15
Outstanding – end of period	6,850,000	\$ 0.20	4,850,000	\$ 0.15

The following table discloses the number of options and vested options outstanding as at January 31, 2020:

Number of options outstanding	Weighted average exercise price	Weighted average remaining contractual life (years)	Number of options Outstanding and exercisable	Weighted average exercise price	Weighted average remaining contractual life (years)
3,750,000	\$0.11	3.83	3,750,000	\$0.11	3.83
3,100,000	\$0.30	4.62	3,100,000	\$0.30	4.62
<b>6,850,000</b>	<b>\$0.30</b>	<b>4.19</b>	<b>6,850,000</b>	<b>\$0.30</b>	<b>4.19</b>

The following table discloses the number of options and vested options outstanding as at October 31, 2019:

Number of options outstanding	Weighted average exercise price	Weighted average remaining contractual life (years)	Number of options Outstanding and exercisable	Weighted average exercise price	Weighted average remaining contractual life (years)
3,750,000	\$0.11	4.08	3,750,000	\$0.11	4.08
1,100,000	\$0.30	4.38	1,100,000	\$0.30	4.38
<b>4,850,000</b>	<b>\$0.15</b>	<b>4.21</b>	<b>4,850,000</b>	<b>\$0.15</b>	<b>4.21</b>

c) Share purchase warrants as at January 31, 2020 and October 31, 2019:

	January 31, 2019		October 31, 2019	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding - beginning of year	7,719,985	\$ 0.10	3,447,360	\$ 0.10
Issued	-	-	2,500,000	0.25
Issued	9,474,000	0.75	2,062,500	0.35
Exercised	(1,278,423)	0.10	(289,875)	0.10
Outstanding – as at period end	15,915,562	\$ 0.53	7,719,985	\$ 0.22

# Captiva Verde Land Corp.

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Number of warrants	Exercise price per warrant	Expiry date
2,030,000	\$0.10	July 4, 2022
350,000	\$0.10	September 6, 2022
75,000	\$0.10	September 7, 2022
292,360	\$0.10	September 29, 2022
131,702	\$0.10	October 10, 2021
1,500,000*	\$0.25	February 26, 2020
2,062,500	\$0.35	May 8, 2020
9,474,000	\$0.75	November 26, 2021
15,915,562		

\* 1,394,460 warrants have been exercised and 105,540 expired subsequent to January 31, 2020.

As at January 31, 2020, the weighted average exercise price of the warrants outstanding was \$0.53 (October 31, 2019 - \$0.22) with a weighted average remaining contractual life of 1.57 years (October 31, 2019 – 1.30 years).

## 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

	January 31, 2020		October 31, 2019	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
<b>Financial assets</b>				
<i>Fair value through profit and loss ("FVTPL")</i>				
Cash	194,111	194,111	735,371	735,371
<i>Amortized cost</i>				
Other receivables and advances	172,801	172,801	166,701	166,701
<b>Financial liabilities</b>				
<i>Amortized cost</i>				
Accounts payable and accrued liabilities	530,936	530,936	474,926	474,926

### 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

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

Level 3 – significant unobservable inputs

# Captiva Verde Land Corp.

## Notes to the Condensed Interim Financial Statements

For the period ended January 31, 2019 and 2018

(amounts expressed in Canadian dollars, except where indicated)

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Cash is measured at Level 1.

The Company did not move any instruments between levels of the fair value hierarchy during the period ended January 31, 2020.

### 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 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 January 31, 2019 and 2018 are as follows:

	January 31, 2020	January 31, 2019
Consulting fees	\$ 15,000	\$ 7,500
Share-based compensation	-	-

These expenses were measured at the exchange amounts agreed upon by the parties. As at January 31, 2020 the Company had amounts payable of \$48,514 (October 31, 2019 - \$71,178) to related parties. These amounts are unsecured and non-interest bearing.

During the period ended January 31, 2020 the Company incurred \$27,000 to a director and shareholder of the Company related to office space and administrative expenses (January 31, 2019 - \$12,000) as at January 31, 2020, the Company owed \$38,514 (October 31, 2019 - \$71,178) related to these expenses.

During the period ended January 31, 2020 the Company incurred \$49,000 to a Company controlled by an executive related to consulting expenses (January 31, 2019 - \$nil).

In addition, the Company also acquired a 50% interest in the development land from Greenbriar (see Note 5 for further information). As at January 31, 2020 the Company had a \$172,801 (October 31, 2019 - \$166,701) non-interest bearing receivable from Greenbriar included in long-term other receivables.

The Company has entered into an exchange agreement with Esmeralda for the exchange of all of the shares of Esmeralda for 80,000,000 common shares of the Company. Jeff Ciachurski, CEO, is expected to become a shareholder of Esmeralda. As at the period ended January 31, 2020 this transaction has not yet closed. (see Note 7 for more information).



# Captiva Verde Land Corp.

## Notes to the Condensed Interim Financial Statements

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### 11 Commitments

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The Company proposes the issuance of one million common shares to S & G Procesos Industriales, S.A de C.V ("S & G") upon approval of the Canadian Securities Exchange. In addition, Captiva has reached an agreement with S & G, for the acquisition of Hemp Seed Oil licenses, related land and facilities in Mexico once the defined regulations are finalized by the newly elected administration. S&G will receive from Captiva 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 government administration are complete.

The Company has entered into an exchange agreement with Esmeralda for the exchange of all of the shares of Esmeralda for 80,000,000 common shares of the Company (Note 7). Jeff Ciachurski, CEO, is expected to become a shareholder of Esmeralda. As at the end of the year ended October 31, 2019 this transaction has not yet closed.

On May 8, 2019, the Company entered into an agreement to acquire Solargram, a Canadian controlled private corporation, having corporate offices in Moncton, NB. As consideration the Company will issue 30,000,000 common shares upon acquisition which has a prerequisite of Solargram obtaining their Cannabis Grow License by Health Canada.

### 12 Subsequent event

On February 14, 2020, the Company closed a non-brokered private placement consisting of 9,920,000 units at a price of \$0.25 for total gross proceeds of \$1,970,000 and a reduction of accounts payable of \$510,000. Each unit is comprised of one common share of the Company and one half common share purchase warrant of the Company. Each warrant is exercisable into a common share of the Company at an exercise price of \$0.75 for a period of two years. As at January 31, 2020, deposits of \$582,112 have been received in relation to the financing and recorded as share subscriptions received.