

Captiva Verde Land Corp.

Financial Statements
For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Captive Verde Land Corp.

Opinion

We have audited the accompanying financial statements of Captiva Verde Land Corp. (the "Company"), which comprise the statements of financial position as at October 31, 2020 and 2019, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company incurred a net loss of \$1,891,085 during the year ended October 31, 2020 and, as of that date, the Company's accumulated deficit was \$3,827,631. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.


As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

March 1, 2021

Captiva Verde Land Corp.
Statement of Loss and Comprehensive Loss

(amounts expressed in Canadian dollars, except where indicated)

	Note	October 31, 2020	October 31, 2019
Assets			
Current Assets			
Cash		\$ 19,439	\$ 735,371
Other receivables		368,714	34,439
Prepays and advances		131,374	14,402
		519,527	784,212
Advances receivable	11	-	166,701
Solargram receivables	6	2,763,931	-
Mexico loan receivable	7	142,445	-
Sage ranch project	5	5,026,598	2,423,055
Solargram farms	6	4,110,599	1,231,996
Mexico operations	7	741,590	-
Right of use asset	8	102,353	-
Total assets		\$ 13,407,043	\$ 4,605,964
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 1,682,349	\$ 474,926
Loans payable	11	1,020,556	-
Lease liability	8	29,565	-
		2,732,470	474,926
Lease liability	8	67,095	-
Total liabilities		2,799,565	474,926
Shareholders' equity			
Share capital	9	9,997,458	2,651,963
Share based compensation reserves	9	1,128,188	649,456
Warrants reserves	9	3,309,463	435,533
Subscription proceeds received in advance, net		-	2,330,632
Deficit		(3,827,631)	(1,936,546)
Total shareholders' equity		10,607,478	4,131,038
Total liabilities and shareholders' equity		\$ 13,407,043	\$ 4,605,964

Nature of operations and going concern (note 1)

Commitments (note 12)

Subsequent event (note 16)

Approved by the Board of Directors

“Jeff Ciachurski”

Director

“Michael Boyd”

Director

The accompanying notes are an integral part of these financial statements

Captiva Verde Land Corp.
Statement of Loss and Comprehensive Loss

(amounts expressed in Canadian dollars, except where indicated)

		Year Ended October 31,	
		2020	2019
Expenses			
Administrative fees	11	\$ (365,820)	\$ (291,990)
Consulting fees	11	(380,294)	(96,606)
Filing fees		(65,076)	(40,494)
Legal and professional fees		(535,641)	(132,066)
Foreign exchange loss		(13,912)	(30,559)
Pre-acquisition project costs	7	-	(211,607)
Travel		(25,575)	(115,890)
Share-based compensation	9	(546,072)	(649,456)
		(1,932,390)	(1,568,668)
Other (expenses) income, net			
Lease amortization	8	(6,027)	-
Interest expense		(3,199)	-
Other income	6	50,531	-
		41,305	-
Loss		(1,891,085)	(1,568,668)
Loss per share			
Basic and diluted		\$ (0.02)	\$ (0.02)
Weighted average shares outstanding			
Basic and diluted		122,400,530	91,789,080

The accompanying notes are an integral part of these financial statements

Captiva Verde Land Corp.

Statement of Changes in Shareholders' Equity

For the years ended October 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 in advance	Deficit	Total equity
Balance at October 31, 2019		95,062,966	\$ 2,651,963	\$ 649,456	435,533	\$ 2,330,632	\$ (1,936,546)	\$ 4,131,038
Private placement	9	34,594,000	5,606,868	-	3,041,632	(2,368,520)	-	6,279,980
Private placement transaction cost	9	-	(82,549)	-	-	37,888	-	(44,661)
Shares for services	9	1,284,229	321,057	-	-	-	-	321,057
Land acquisition	9	2,000,000	500,000	-	-	-	-	500,000
Warrants exercised	9	3,233,366	850,279	-	(167,702)	-	-	682,577
Share-based compensation	9	-	-	546,072	-	-	-	546,072
Stock options exercised	9	750,000	149,840	(67,340)	-	-	-	82,500
Loss for the year		-	-	-	-	-	(1,891,085)	(1,891,085)
Balance at October 31, 2020		136,924,561	\$ 9,997,458	\$ 1,128,188	\$ 3,309,463	\$ -	\$ (3,827,631)	\$ 10,607,478

	Notes	Shares	Share capital	Share based compensation reserves	Warrants reserves	Subscription proceeds received in advance	Deficit	Total equity
Balance at October 31, 2018		85,648,091	\$ 1,626,638	\$ -	\$ 47,627	\$ -	\$ (367,878)	1,306,387
Private placement	8	9,125,000	1,007,640	-	397,360	-	-	1,405,000
Private placement transaction cost	8	-	(20,756)	-	-	-	-	(20,756)
Warrants exercised	8	289,875	38,441	-	(9,454)	-	-	28,987
Share-based compensation	8	-	-	649,456	-	-	-	649,456
Subscription proceeds received in advance	9	-	-	-	-	2,330,632	-	2,330,632
Loss for the year		-	-	-	-	-	(1,568,668)	(1,568,668)
Balance at October 31, 2019		95,062,966	\$ 2,651,963	\$ 649,456	\$ 435,533	\$ 2,330,632	\$ (1,936,546)	\$ 4,131,038

The accompanying notes are an integral part of these financial statements

Captiva Verde Land Corp.

Statement of Cash Flows

(amounts expressed in Canadian dollars, except where indicated)

	Note	Year Ended October 31	
		2020	2019
Cash used from operating activities			
Loss for the year		\$ (1,891,085)	\$ (1,568,668)
Change in non-cash operating working capital			
Accretion expense	8	2,591	-
Share-based compensation	9	546,072	649,456
Shares for services	9	321,057	-
Foreign exchange		-	30,559
Amortization of right of use asset	8	6,027	-
Decrease (increase) in prepaid expenses and other receivables		(451,247)	(39,233)
Increase (decrease) in accounts payable and accrued liabilities		1,361,031	12,360
		(105,554)	(915,526)
Cash flows from investing activities			
Sage Ranch	5	(2,228,485)	(951,064)
Mexico operations	7	(665,180)	-
Mexico loan receivables	7	(142,445)	-
Other receivables		-	(166,700)
Lease payments	8	(14,311)	-
Solargram receivables	6	(1,856,407)	-
Solargram farms	6	(2,615,325)	(1,231,996)
		(7,522,153)	(2,349,760)
Cash flows from financing activities			
Proceeds from private placement, net of transaction costs	9	5,078,450	1,369,958
Share subscriptions receivable	9	-	2,333,500
Proceeds received from warrant exercises	9	682,506	28,987
Lease payments	8	(36,438)	-
Proceeds from loans payable	11	1,412,952	-
Repayments of loans payable		(225,695)	-
		6,911,775	3,732,445
Increase in cash		(715,932)	467,159
Cash – beginning of year		735,371	268,212
Cash – end of year		\$ 19,439	\$ 735,371

See supplemental cash flow information in note 14

The accompanying notes are an integral part of these financial statements

Captiva Verde Land Corp.

Notes to the Financial Statements

For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

1 Nature of operations 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 loss of \$1,891,085 for the year ended October 31, 2020 and as at October 31, 2020 has an accumulated deficit of \$3,827,631. As at October 31, 2020, the Company has working capital deficit of \$2,212,943. 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.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

2 Basis of presentation and statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) effective as at October 31, 2020. 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 March 1, 2021.

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 value 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.

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 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.

Captiva Verde Land Corp.

Notes to the Financial Statements

For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

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 and loans payable 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. During the year ended October 31, 2020, the Company capitalized construction in progress costs of \$3,620,193 (2019 - \$2,280,446) presented as Solargram Farms (note 6) and Mexico Operations (note 7).

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.

Captiva Verde Land Corp.

Notes to the Financial Statements

For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

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 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.

Captiva Verde Land Corp.

Notes to the Financial Statements

For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

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.

Intangible assets

Intangible assets are recognized as assets when it is probable that the asset will generate future economic benefits and where the cost of the asset can be determined reliably. Intangible assets are initially recognized at cost and are subsequently carried at cost less accumulated amortization, if applicable, and impairment. Intangible assets with indefinite lives or those that are not yet available for use are not amortized but are reviewed annually for impairment. Any impairment of intangible assets is recognized in the statement of loss and comprehensive loss. Sage ranch (note 5) is accounted for under this standard.

Estimated useful lives of intangible assets with finite lives are the shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at each financial reporting date. At each financial reporting date, the carrying amounts of the Company's intangible assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

Property, plant and equipment

Property, plant and equipment ("PPE") are recorded at cost and carried net of accumulated depreciation and accumulated impairment losses. Costs of additions and improvements are capitalized. An item of PPE is derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss on disposal of the asset, determined as the difference between the proceeds and the carrying amount of the asset is recognized in profit or loss. Solargram farms (note 6) and Mexico operations (note 7) are accounted for under this standard.

New Accounting Standards Adopted during the year

IFRS 16 – Leases

The Company adopted IFRS 16, Leases ("IFRS 16" or the "New Standard") effective November 1, 2019 which replaced IAS 17, Leases ("IAS 17"). The New 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 12 months, unless the underlying asset is of low value. The Company elected the modified retrospective transition approach, which provides lessees a method for recording existing leases at adoption with no restatement of prior period financial information. Under this approach, a lease liability would be recognized at November 1, 2019 in respect of leases previously classified as operating leases, measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate where the implicit rate in the lease is not readily determinable at transition. The right-of-use assets would be measured at amounts equal to the respective lease liabilities, subject to certain adjustments allowed under IFRS 16. The Company elected to utilize practical expedients permitted under the New Standard for low-value asset leases and short-term leases which are expensed as incurred.

Adoption of the new standard at November 1, 2019 did not result in the Company recording a lease liability or right-of-use asset.

The new lease accounting standard IFRS 16 resulted in the following new accounting policies:

- Leases are recognized as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Company.
- Lease liabilities are initially measured at the present value of unpaid lease payments, less any lease incentives. Lease payments include fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.
- Lease payments are discounted using the Company's incremental borrowing rate where the rate implicit in the lease is not readily determinable. Payments are applied against the lease obligation and interest expense is recognized on the lease obligations using the effective interest method.
- Right-of-use assets are initially measured at the amount of the lease liability, plus any lease payments made at or before the commencement date, any initial direct costs, and estimated cost for dismantling or restoring the asset.

Captiva Verde Land Corp.

Notes to the Financial Statements

For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

- The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses and adjusted for certain measurements of the lease liability.
- Lease payments on short-term leases or leases on which the underlying asset is of low value are accounted for as expenses on a straight-line basis in net loss.

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.

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.

Shares issued in non-cash transactions

The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

Captiva Verde Land Corp.

Notes to the Financial Statements

For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

5 Sage ranch project

On October 9, 2018, the Company closed a transaction with Greenbriar Capital (U.S.) LLC (“Greenbriar”) to earn into a 50% undivided interest in approximately 132 acres of real property located in the City of Tehachapi, California, USA. The transaction 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, 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.

On August 10, 2020, the Company entered into an option and joint venture agreement (the “Option and Joint Venture Agreement”) with Greenbriar amending the terms of the original acquisition.

Pursuant to the terms of the Option and Joint Venture Agreement, the Company’s 50% interest in the land was converted into an option to earn (the “Option”) a 50% net profits interest in the Tehachapi Property by:

1. paying Greenbriar a cash payment of \$112,500 (the “Cash Payment” (the Company satisfied this payment in 2018 under the terms of the Acquisition Agreement);
2. issuing Greenbriar common shares (the “Share Payment”) (the Company satisfied this payment in 2018 through the issuance of 10,687,500 common shares under the terms of the Acquisition Agreement); and
3. funding the applicable permitting and development costs for the Sage Ranch Project (the Company is current on such funding obligations).

The Company has until the earlier of: (i) August 20, 2025 and (ii) the date Greenbriar receives final approval from the City of Tehachapi (and other required regulatory approval) to build houses on the Tehachapi Property, to exercise the Option.

If the Company makes the payments summarized above by the required time, the Company will exercise the Option and will automatically acquire a 50% net profits interest in and to the Sage Ranch Project. If the Company exercises the Option, then the Company and Greenbriar will immediately enter into a joint venture (the “Joint Venture”) pursuant to the terms of the Option and Joint Venture Agreement. Pursuant to the terms of the Joint Venture, Greenbriar and the Company are required to evenly split all net profits derived from the Sage Ranch Project.

Total payments, pursuant to the Option:

	October 31, 2020	October 31, 2019
Opening	\$ 2,423,055	\$ 1,374,605
Additions – permitting and development costs	2,603,543	1,048,450
	\$ 5,026,598	\$ 2,423,055

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 had a prerequisite of Solargram obtaining their Cannabis Grow License by Health Canada. On June 29, 2020, Solargram received their Cannabis Grow License from Health Canada, and this transaction is expected to close once security checks of all the Company’s insiders is completed. As at October 31, 2020 and subsequent, 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.

Property, plant and equipment (construction in progress):

Captiva Verde Land Corp.

Notes to the Financial Statements

For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

	October 31, 2020	October 31, 2019
Opening	\$ 1,231,996	\$ -
Additions	2,878,603	1,231,996
	\$ 4,110,599	\$ 1,231,996

During the year ended October 31, 2020, the Company charged Solargram \$50,000 in lease fees for the use of the Company's land and buildings in New Brunswick. This amount is recorded in other income in the statement of loss and comprehensive loss. During the year ended October 31, 2020, the Company had a total of \$2,763,931 in receivables from Solargram relating to the Company funding Solargram operations until the acquisition closes. The receivable has no repayment terms, is non-secured and non-interest bearing.

7 Mexico operations

In January 2020, the Company 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 a shareholder of Esmeralda. As at October 31, 2020 and subsequent, this transaction has not yet closed. Prior to finalizing the agreement, \$211,607 was expensed to the statement of loss and comprehensive loss and subsequent to finalizing the agreement the Company capitalized \$142,445 in receivables from Esmeralda relating to the Company funding Esmeralda operations until the acquisition closes. The receivable has no repayment terms, is non-secured and non-interest bearing.

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 capitalized \$741,590 related to project construction costs in connection with the Company's building in Ensenada Mexico.

Property, plant and equipment (construction in progress):

	October 31, 2020	October 31, 2019
Opening	\$ -	\$ -
Additions	741,590	-
	\$ 741,590	\$ -

8 Right of use asset and lease liability

Right of use asset	October 31, 2020	October 31, 2019
Opening balance	\$ -	\$ -
Establishment of lease	108,380	-
Less: depreciation	(6,027)	-
	\$ 102,353	\$ -

Captiva Verde Land Corp.

Notes to the Financial Statements

For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

Lease liability	October 31, 2020	October 31, 2019
Establishment of lease liabilities	\$ 108,380	\$ -
Lease payments	(14,311)	-
Accretion	2,591	-
	\$ 96,660	\$ -
Less: current portion	(29,565)	-
Classified as long-term liability	\$ 67,095	\$ -

Undiscounted lease payments	October 31, 2020	October 31, 2019
Not later than a year	\$ 42,084	\$ -
Later than a year	72,653	-
	\$ 115,737	\$ -

The Company's leases relate to equipment leases. Depreciation of right-to-use assets is calculated using the straight-line method over the remaining lease term. The lease is accounted for using a discount rate used of 12% over 36 months.

9 Share capital and reserves

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, 2020 the issued and outstanding share capital consists of 136,924,561 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 \$2,358,500 and a reduction of accounts payable of \$10,000. \$2,358,520 of the gross proceeds were received in fiscal 2019 as shares subscriptions received in advance. 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 \$37,888 in transaction costs.

The total warrants issued were 9,474,000. The fair value of warrant was calculated at \$856,123 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 Ranch Project. As consideration, the Company issued the vendor an aggregate of 2,000,000 common shares of the Company with a fair value of \$500,000, paid USD \$160,000 in cash and Greenbriar transferred 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 at a fair value of \$321,057 in payment of professional legal services with an arm's length service provider in fiscal 2020.

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 \$510,000 in accounts payable. Each unit is comprised of one common share of the Company and one-half common share purchase warrant of the Company. Each full 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 \$14,210 in transaction costs.

Captiva Verde Land Corp.

Notes to the Financial Statements

For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

The total warrants issued were 4,960,000. The fair value of warrant was calculated at \$652,555 and was determined on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 1.49% risk free interest rate, expected life of 2 years, 191% annualized volatility and 0% dividend rate.

On June 11, 2020, the Company closed a non-brokered private placement consisting of 15,200,000 units at a price of \$0.25 for total gross proceeds of \$3,108,515 and a reduction of accounts payable of \$691,485. 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 \$30,451 in transaction costs.

The total warrants issued were 15,200,000. The fair value of warrant was calculated at \$1,532,954 and was determined on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 0.27% risk free interest rate, expected life of 2 years, 182% annualized volatility and 0% dividend rate.

During the year ended October 31, 2020 the Company issued 3,233,366 common shares related to warrants exercises for gross proceeds of \$682,577.

On August 5, 2020, 750,000 options were exercised for gross proceeds of \$82,500.

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.

Captiva Verde Land Corp.

Notes to the Financial Statements

For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

b) Stock options

The Board of Directors may grant options to purchase shares from time to time, subject to the aggregate number of common shares of the Company issuable under all outstanding stock options of the Company not exceeding 10% of the issued and outstanding common shares of the Company at the time of the grant. The options are exercisable over a period established at the time of issuance to buy shares of the Company at a price not less than the closing market price prevailing on the date immediately preceding the date the option is granted. The vesting schedule for an option, if any, shall be determined by the Board of Directors at the time of issuance.

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%, 0% dividend rate and risk free interest rate 1.67%. The fair value per option was \$0.27.

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%. The fair value per option was \$0.09.

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 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%. The fair value per option was \$0.28.

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

	October 31, 2020		October 31, 2019	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding – beginning of year	4,850,000	\$ 0.15	-	\$ -
Granted	2,000,000	0.30	4,850,000	0.15
Exercised	(750,000)	0.11	-	-
Outstanding – end of year	6,100,000	\$ 0.21	4,850,000	\$ 0.15

The following table discloses the number of options and vested options outstanding as at October 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)
3,000,000	\$0.11	3.08	3,000,000	\$0.11	3.08
3,100,000	\$0.30	3.87	3,100,000	\$0.30	3.87
6,100,000	\$0.21	3.48	6,100,000	\$0.21	3.48

Captiva Verde Land Corp.

Notes to the Financial Statements

For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

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

	October 31, 2020		October 31, 2019	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding - beginning of year	7,719,985	\$ 0.22	3,447,360	\$ 0.10
Issued	-	-	2,500,000	0.25
Issued	29,634,000	0.75	2,062,500	0.35
Expired	(2,168,040)	0.35	-	-
Exercised	(3,233,366)	0.21	(289,875)	0.10
Outstanding – as at year end	31,952,579	\$ 0.70	7,719,985	\$ 0.22

Number of warrants	Exercise price per warrant	Expiry date
1,705,000	\$0.10	July 4, 2022
350,000	\$0.10	September 6, 2022
175,000	\$0.10	September 29, 2022
88,579	\$0.10	October 10, 2021
9,474,000	\$0.75	November 26, 2021
4,960,000	\$0.75	February 14, 2022
15,200,000	\$0.75	June 11, 2022
Total:	31,952,579	

As at October 31, 2020, the weighted average exercise price of the warrants outstanding was \$0.70 (October 31, 2019 - \$0.22) with a weighted average remaining contractual life of 1.41 years (October 31, 2019 – 1.30 years).

10 Financial instruments

The Company reports its financial instruments on its statement of financial position 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 loss and comprehensive loss.

The Company's financial instruments consist of cash, receivables (Solargram, Mexico and other), accounts payable and accrued liabilities and loans payable. The fair value of these financial instruments, excluding cash, approximates the carrying value due to the short maturity or current market rate associated with these instruments. Cash is carried at a level 1 measurement.

Captiva Verde Land Corp.

Notes to the Financial Statements

For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

Categories of financial instrument	October 31, 2020		October 31, 2019	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
<i>Fair value through profit and loss ("FVTPL")</i>				
Cash	19,439	19,439	735,371	735,371
<i>Amortized cost</i>				
Other receivables and advances	368,714	368,714	201,140	201,140
Solargram receivables	2,763,931	2,763,931	-	-
Mexico loan receivable	142,445	142,445	-	-
Financial liabilities				
<i>Other financial liabilities</i>				
Accounts payable and accrued liabilities	1,682,349	1,682,349	474,926	474,926
Loans payable	1,020,556	1,020,556	-	-

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

The Company did not move any instruments between levels of the fair value hierarchy during the year ended October 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. Receivables are primarily due from related entities and government agencies. 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.

Captiva Verde Land Corp.

Notes to the Financial Statements

For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

11 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.

These expenses were measured at the exchange amounts agreed upon by the parties. As at October 31, 2020 the Company had amounts payable of \$274,215 (October 31, 2019 - \$34,869) to related parties. These amounts are unsecured and non-interest bearing.

During the year ended October 31, 2020 the Company incurred share-based payment expenses of \$nil to related parties (October 31, 2019 - \$344,852).

During the year ended October 31, 2020 the Company settled \$nil in payables with the issuance of shares to a Company controlled by an executive (October 31, 2019 - \$20,500).

During the year ended October 31, 2020 the Company was charged fees of \$199,000 by a Company controlled by an executive related to consulting expenses (October 31, 2019 - \$219,300). This amount was capitalized to Solargram Farms.

During the year ended October 31, 2020 the Company incurred an expense of \$60,000 to a Company controlled by an executive related to consulting expenses (October 31, 2019 - \$59,048).

During the year ended October 31, 2020 the Company incurred an expense of \$108,000 to a director and shareholder of the Company related to office space and administrative expenses (October 31, 2019 - \$108,000) and also paid legal fees on their behalf of \$117,991 (October 31, 2019 - \$nil). As at October 31, 2020, the Company owed \$52,696 (October 31, 2019 - \$71,178) related to these expenses.

During the year ended October 31, 2020 the Company incurred an expense of \$20,726 to a Company controlled by a director related to consulting expenses (October 31, 2019 - \$6,693).

The Company entered into an agreement to earn a 50% interest in the development land from Greenbriar (see Note 5 for further information). As at October 31, 2020 the Company had a loan payable of \$920,556 (October 31, 2019 - \$166,701 loan receivable) to Greenbriar. Both the loan payable and receivable were unsecured, non-interest bearing demand loans.

As at October 31, 2020 the Company had a non-interest bearing loan payable of \$100,000 (October 31, 2019 - \$nil) payable on demand to a Company controlled by an executive.

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 year ended October 31, 2020 this transaction has not yet closed. As at October 31, 2020, the Company had \$142,445 in receivables from Esmeralda relating to the Company funding Esmeralda operations until the acquisition closes. The receivables are unsecured, non-interest bearing demand loans. (see Note 7 for more information).

During the year ended October 31, 2020, the Company charged Solargram \$50,000 in lease fees for the use of the Company's land and buildings in New Brunswick. This amount is recorded in other income in the statement of loss and comprehensive loss. During the year ended October 31, 2020, the Company had a total of \$2,407,804 in receivables from Solargram relating to the Company funding Solargram operations until the acquisition closes see (Note 6).

12 Commitments

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments.

On November 13, 2019, the Company executed an exclusive and formal acquisition agreement with the Miss Envy Design Group. Terms of the deal are the issuance of 8,000,000 common shares paid on the following performance milestones:

- i. 2 million shares on the commencement of legal sales anywhere in the world
- ii. 2 million shares on first \$5 Million in sales
- iii. 2 million shares on every \$5 Million increase thereafter for a total of eight million shares
- iv. A lifetime royalty of 20% of the product sales net profit cash flow
- v. The agreement is subject to Canadian Securities Exchange Approval

Captiva Verde Land Corp.

Notes to the Financial Statements

For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

13 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% (2019 - 27.0%) as follows:

	October 31, 2020	October 31, 2019
Loss for the year	\$ (1,891,085)	\$ (1,568,668)
Expected income tax recovery	(511,000)	(424,000)
Change in statutory, foreign tax, foreign exchange rates and other	(2,000)	22,000
Permanent differences	147,000	181,000
Share issuance costs	(13,000)	(16,000)
Adjustment to prior years provision versus statutory tax return	(166,000)	-
Change in unrecognized deductible temporary	545,000	237,000
Total income tax expense (recovery)	\$ -	\$ -

As at October 31, 2020, 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, 2020	October 31, 2019
Share issue costs	\$ 43,000	\$ 47,000
Canadian non-capital losses available for future period	907,000	358,000

The Company's non-capital losses available for future periods of \$3,360,000 (2019 - \$1,328,000) expire between 2027 and 2040.

14 Supplemental cash flow

Supplemental cash flow information	Notes	2020	2019
Sage Ranch expenditures accrued	5	\$ (107,889)	\$ (232,831)
Shares issued in settlement of debt	9	\$ (1,201,530)	\$ (25,500)
Shares issued on land purchase for Sage Ranch	9	\$ (500,000)	\$ -
Establishment of lease	8	\$ (108,380)	\$ -
Solargram farms expenditures accrued	6	\$ (263,278)	\$ -
Mexico operations expenditures accrued	7	\$ (76,410)	\$ -
Options exercised to repay debt	9	\$ (82,500)	\$ -
Share issuance costs accrued through accounts payable		\$ (22,234)	\$ (14,082)
Solargram receivables accrued		\$ (907,524)	\$ -
Cash paid for interest		\$ -	\$ -
Cash paid for taxes		\$ -	\$ -

Captiva Verde Land Corp.

Notes to the Financial Statements

For the years ended October 31, 2020 and 2019

(amounts expressed in Canadian dollars, except where indicated)

15 Segment disclosures

The Company operates in three geographical and three operating segments. The operating segments are managed separately based on the nature of operations.

The Company operates in four operating segments in three countries, with corporate and Solargram Farm in Canada, Sage Ranch in the United States of America and Mexico Operations in Mexico. The Company's capital assets by country are:

	As at October 31, 2020				As at October 31, 2019			
	Canada	USA	Mexico	Total	Canada	USA	Mexico	Total
Assets								
Sage ranch project	-	5,026,598	-	5,026,598	-	2,423,055	-	2,423,055
Solargram farms	4,110,599	-	-	4,110,599	1,231,996	-	-	1,231,996
Mexico operations	-	-	741,590	741,590	-	-	-	-
Right of use assets	102,353	-	-	102,353	-	-	-	-

16 Subsequent event

On November 25, 2020 the Company issued of an aggregate of 2,975,766 common shares in the capital of the Company to settle approximately \$744,000 in debt (the "Shares for Debt Settlement") owed to nineteen arms-length creditors. All securities issued under the Shares For Debt Settlement are subject to a statutory hold period expiring on March 26, 2021 in accordance with applicable securities legislation.