

# CAPTIVA VERDE LAND CORP.

## Management's Discussion and Analysis For the period ended January 31, 2021

(Expressed in Canadian dollars, unless otherwise noted)

March 22, 2021

*For further information on the Company, reference should be made to its public filings on SEDAR at [www.sedar.com](http://www.sedar.com). This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements for the year ended October 31, 2020, and the unaudited condensed consolidated interim financial statements for the three months ended January 31, 2021, and related notes thereto which have been prepared in accordance with International Financial Reporting Standards. The MD&A contains certain Forward Looking Statements which are provided at the end of this document.*

### CORPORATE OVERVIEW

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.

#### *Going concern*

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 \$96,571 for the period ended January 31, 2021, and as at January 31, 2021 had an accumulated deficit of \$3,924,202 and working capital deficit of \$2,210,194. To date, the Company has no existing business operations and no history of earnings 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 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.

### HIGHLIGHTS – PERIOD ENDED JANUARY 31, 2021

- On November 27, 2020 the Company issued of an aggregate of 2,975,766 common shares in the capital of the Company at a deemed price per common share of \$0.25 to settle approximately \$744,000 in debt.
- On November 30, 2020, the Company completed its first large scale cannabis outdoor farm harvest with record THC and terpene results.

- On January 26, 2021, the Company announced that Solargram Farms Corporation ("Solargram"), a holder of a Canadian Federal Health Canada License to cultivate, test, harvest and sell cannabis, has now additionally been approved of a Canadian Federal Health Canada sales and processing license.
- Subsequent period ended, On March 12, 2021, the Company closed the first tranche of its non-brokered private placement and issued 2,700,000 units at a price of \$0.27 per unit for gross proceeds of \$729,000. 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 an additional common share at an exercise price of \$0.75 expiring on March 12, 2023.

## SAGE RANCH PROJECT

The Sage Ranch Project is a property situated close to the central business district and adjacent to the Tehachapi High School and is comprised of five parcels of real property located within the City of Tehachapi. Tehachapi is located in Kern County on the edge of the Mojave Desert, approximately 35 miles east-southeast of Bakersfield, California.

The legal description of each parcel is as follows:

- Parcel 1 – APN 417-012-01 (approx. 32.97 acres)
- Parcel 2 – APN 417-012-28 (approx. 60 acres)
- Parcel 3 – APN 417-012-27 (approx. 20 acres)
- Parcel 4 – APN 417-012-25 (approx. 19.16 acres)
- Parcel 5 – APN 415-012-14 (approx. 28.75 acres)

Parcels 1 through 4 ("Site 2") are contiguous and aggregate approximately 132 acres of land on the south side of Cummings Valley Boulevard (State Highway 202), a major east – west thoroughfare through Tehachapi. The parcels lie immediately east of Clearview Street and immediately north of Pinon Street. The new Tehachapi High School, which opened its doors in 2003, is located immediately to the east of the parcels. A previous owner of these parcels had received Tentative Tract Map ("TTM") approvals under TTM 6218 and TTM 6723. Parcel 5 ("Site 1") comprises approximately 28 acres and lies north of parcels 1 through 4, on the north side of Cummings Valley Boulevard.

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 \$2,137,500 worth of 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 USA receives final approval from the City of Tehachapi (and other required regulatory approval) to build house 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 USA 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 USA and the Company are required to evenly split all net profits derived from the Sage Ranch Project

Total payments, pursuant to the Option:

	January 31, 2021	October 31, 2020
Opening	\$ 5,026,598	\$ 2,423,055
Additions – permitting and development costs	279,320	2,603,543
	<b>\$ 5,305,918</b>	<b>\$ 5,026,598</b>

## 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. The acquisition will give the Company access to a world class team of experienced operators and growers, dedicated to full spectrum, hand crafted, outdoor organic cannabis and oil extracts, providing high valued finished health and wellness products using natural farm inputs. The Solargram team has over 40 years of combined industry specific, non-stop operating, growing and processing experience in a specific regional market that, taken together, has over 125 years of collective experience. 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. 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 the date of this report 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.

### First Year Harvest Results

The Solargram cannabis harvest began on September 17, 2020 and was completed on October 30, 2020 with final processing completed on November 27, 2020. The Solargram team is credited with a final harvest of approximately 13,000 plants over 350,000 square feet of outdoor farm grown canopy resulting in 15,000 kg of wet cannabis. This harvest is ranked as one of Canada's top single largest, and lowest cost outdoor legal cannabis crop in Canadian history and is also the largest outdoor cannabis crop ever grown and harvested in New Brunswick.

### Very Low Cost of Production Results

Exceeding expectations, the year one total grow cost of production, including direct labor and direct materials, were CDN \$0.05/gram wet; \$0.22/gram dry which ranks as one of the top tier, lowest cost of cannabis production facilities in the Canadian cannabis industry.

Cannabis is a commodity within the CPG (consumer packaging goods) industry. Lowest cost and highest quality wins. Solargram is a major market disruptor and differentiator as its high quality, very low cost of production, allows its planned high cannabinoid full spectrum and distillate oil products to be sold at prices that are produced at a fraction of its competitors' cost of production. This competitive advantage will allow Solargram to become a leader in the Canadian cannabis market place commencing in 2021.

### HIGH THC REPORTED - Independent Laboratory Test Results

Solargram produced and harvested approximately 35 genetics of which its **R2 strain**, representing 65% of its year one outdoor cannabis crop, produced a COA (certificate of analysis) from an independent laboratory supplier at **21.53% THC** and **2.7% terpenes**.

The independent THC laboratory results received for the top five genetics produced, representing the harvested crop include:

**R2** (21.53%); **Bitter Cherry Punch** (18.81%); **Gelatoz** (17.59%);

**Black Garlic (18.86%); New York Purple Diesel (19.66%)**

These significant high THC results rival and/or exceed indoor cannabis grown facilities in Canada. Independent test results also validate the crop is pesticide and heavy metal free.

**Extraction Partner Chosen**

On December 1, 2020, the Company announced that Solargram Farms has chosen Adastra Labs Holding Ltd. (CSE:XTRA) (FRANKFURT:D2EP) of British Columbia, as its preferred extraction partner for processing its biomass for monetization within the Canadian market place commencing the first quarter 2021.

Property, plant and equipment (construction in progress):

	January 31, 2021	October 31, 2020
Opening	\$ 4,110,599	\$ 1,231,996
Additions	10,908	2,878,603
	<b>\$ 4,121,507</b>	<b>\$ 4,110,599</b>

During the period ended January 31, 2021, the Company charged Solargram \$30,000 (2021 - \$nil) 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 period ended January 31, 2021, the Company had a total of \$2,872,749 (October 31, 2020 – 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.

## **MEXICO OPERATIONS**

In January 2020, 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. 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 team and advisors have over 200 years of experience in high level executive positions in Mexico, including energy, health, natural resources, government, business and the military.

Esmeralda and its principals acquired from another Mexican corporation, a comprehensive pharmaceutical license to sell, market and distribute the entire suite of pharmaceutical, health, wellness and veterinarian products which include all psychoactive and non-psychoactive drugs listed under Groups I, II & III. These include a suite of over 300 medicines.

The Company intends to provide all of Mexico with the highest quality medical products, including Cannabis products, that are sourced from the best suppliers that have the highest proven efficacy all at the lowest possible prices to the Mexican consumer. In addition, the Company will ensure that all Cannabis products and other medical products meet the tough standards of the Mexican Health authorities.

The Company has capitalized \$901,412 related to project construction costs in connection with the Company’s building in Ensenada Mexico.

Property, plant and equipment (construction in progress):

	January 31, 2021	October 31, 2020
Opening	\$ 741,590	\$ -
Additions	159,822	741,590
	<b>\$ 901,412</b>	<b>\$ 741,590</b>

## DISCUSSION OF OPERATIONS

	Note	Three months ended January 31,	
		2021	2020
<b>Expenses</b>			
Administrative fees	10	\$ (65,286)	\$ (100,444)
Consulting fees	10	(121,364)	(45,308)
Filing fees		(14,690)	(8,711)
Legal and professional fees		(4,319)	(341,916)
Foreign exchange loss		(1,145)	(1,229)
Travel		-	(23,587)
Share-based compensation	8	-	(546,072)
		(206,804)	(1,067,267)
<b>Other (expenses) income, net</b>			
Lease amortization	7	(9,040)	-
Gain on shares for debt transaction	8	89,273	-
Other income	5	30,000	-
		110,233	-
<b>Loss</b>		(96,571)	(1,067,267)
<b>Loss per share</b>			
Basic and diluted		\$ (0.00)	\$ (0.01)
<b>Weighted average shares outstanding</b>			
Basic and diluted		139,950,327	105,203,327

### Period ended January 31, 2021 compared to historic period in 2019

Revenue is \$nil for the period ended January 31, 2021, 2020, as the Company has not developed any projects to the revenue generation stage. The Company had loss of 96,571 for the period ended January 31, 2021 compared to net loss of \$1,067,267 in the period ended January 31, 2020. The decrease in net loss is the result of an increase in legal and professional fees incurred and increased corporate activity due to the Company ramping up operations in the prior period which did not occur in the current period. The Company had total other income of \$110,233 in the current period which is the result of lease amortization being recorded in the current period netted by \$30,000 in facility lease charged to Solargram Farms, and an \$89,273 gain on shares for debt transaction which were not present in the comparative periods. The basic and diluted loss per share of \$(0.00) is a result of the decreased loss.

	<b>January 31, 2021</b>	<b>October 31, 2020</b>
Cash and cash equivalents	\$ 45,386	\$ 19,439
Total assets	13,894,644	13,407,043
Non-current financial liabilities	56,574	67,095
Cash dividends declared	\$ 0.00	\$ 0.00

Cash and cash equivalents were \$45,386 as at January 31, 2021 which is higher than the comparative period and is the result of timing of payments. Total assets are \$13,894,644 as at January 31, 2021 compared to 13,407,043 as at October 31, 2020. The increase is a result of the Company capitalizing expenditures on all three of the current projects. Non-current financial liabilities are \$56,574 as at January 31, 2021, and \$67,095 in the comparative period of October 31, 2020 as the Company capitalized a lease during the prior period. There were no cash dividends declared as at January 31, 2021 and October 31, 2020.

### *Summary of Quarterly Results*

<i>(table amounts are expressed in thousands of CAD dollars)</i>	<b>Q1 2021</b>	<b>Q4 2020</b>	<b>Q3 2020</b>	<b>Q2 2020</b>	<b>Q1 2020</b>	<b>Q4 2019</b>	<b>Q3 2019</b>	<b>Q2 2019</b>
Expenses	\$ (206,804)	\$ (200,342)	\$ (358,664)	\$ (306,117)	\$ (1,067,267)	\$ (493,167)	\$ (111,287)	\$ (403,354)
Other income	-	41,305	-	-	-	-	-	-
Net loss	110,233	(159,037)	(358,664)	(306,117)	(1,067,267)	(493,167)	(111,287)	(403,354)
Other comprehensive (loss) income	-	-	-	-	-	-	-	-
Total comprehensive gain (loss)	(96,571)	(159,037)	(358,664)	(306,117)	(1,067,267)	(493,167)	(111,287)	(403,354)
Basic/Diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)
Total assets	\$ 13,894,644	\$ 13,407,043	\$ 11,107,659	\$ 8,251,862	\$ 5,874,873	\$ 4,605,964	\$ 2,608,719	\$ 2,471,082

### *Three months ended January 31, 2021 compared to all historic quarters*

The Company incurred a net loss and total comprehensive loss of \$96,571 in the current quarter which is lower than all quarters. The decrease in net loss is the result of timing differences as operations slowed down in the first few months of the fiscal year as the Company waits the next steps for their projects.

### *Change in total assets*

Total assets were \$13,894,644 in the current period which is higher than all historic quarters. The increase is a result of the Company's continued development and capitalization of costs related to their projects.

## LIQUIDITY AND CAPITAL RESOURCES

<i>(tabled amounts are expressed in CAD dollars)</i>	<b>Three months ended January 31, 2021</b>	<b>Three months ended January 31, 2020</b>
Cash inflow (outflows) from operating activities	\$ (70,318)	\$ (380,706)
Cash inflow (outflows) from financing activities	669,192	1,034,094
Cash inflow (outflows) from investing activities	(572,927)	(1,194,648)
Net cash flows	25,947	(541,260)
Cash balance	\$ 45,386	\$ 194,111

As at January 31, 2021, the Company's net working capital deficit was \$2,210,194 (October 31, 2020 – deficit of \$2,212,943).

Cash outflows from operating activities of \$70,318 were lower than the outflows in the comparative period in 2020 due to change in working capital items net of corporate expenses.

Cash inflows from financing activities of \$669,192 were lower than the inflows in the comparative period in 2020. The inflows in the current period are the result of the Company obtaining additional funding from Greenbriar Capital Corp. and had a warrant exercise in the current period.

Cash outflows from investing activities of \$572,927 were lower than the comparative period in 2020 and the result of the Company capitalizing expenditures on all three of the current projects.

The Company's ability to continue as a going concern is dependent on the Company's ability to raise funds.

### 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

### Capital management

The capital of the Company consists of items included in shareholder's equity. The Company's objectives for capital management are to safeguard its ability to support the Company's normal operating requirement on an ongoing basis, continue to evaluate and plan to enter into the business of developing sustainable real estate projects.

The Company manages its capital structure and makes adjustments in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. As at January 31, 2021 the Company expects its capital resources will require additional support for its normal operating requirements and to continue to evaluate and plan to enter into the business of developing sustainable real estate projects. for the next twelve months. There are no externally imposed capital requirements to which the Company has not complied.

## SHAREHOLDERS' EQUITY

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at January 31, 2021, the Company had 136,950,327 common shares, 31,902,579 share purchase warrants and 6,100,000 share purchase options outstanding. As at the date of this report, the Company had 143,491,067 common shares, 35,243,319 share purchase warrants and 6,100,000 share purchase options outstanding.

On November 25, 2020 the Company issued of an aggregate of 2,975,766 common shares to settle approximately \$744,000 in debt owed to creditors. The fair value of the shares issued was \$654,669 and as part of the transaction the Company recorded a gain in settlement of debt of \$89,273.

During the period ended January 31, 2021, the Company issued 50,000 common shares related to warrants exercises for gross proceeds of \$5,000. Subsequent to period end, the Company issued 100,000 common shares related to warrants exercised for gross proceeds of \$10,000.

Subsequent to period end, On March 12, 2021, the Company closed the first tranche of its non-brokered private placement and issued 2,700,000 units at a price of \$0.27 per unit for gross proceeds of \$729,000. 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 an additional common share at an exercise price of \$0.75 expiring on March 12, 2023.

Subsequent to period end, On March 22, 2021, the Company closed the second tranche of its non-brokered private placement and issued 740,740 units at a price of \$0.27 per unit for gross proceeds of \$200,000. 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 an additional common share at an exercise price of \$0.75 expiring on March 22, 2023.

Table below provides a summary of the share purchase warrants outstanding as at the date of this report.

Number of warrants	Exercise price per warrant	Expiry date
1,655,000	\$0.10	July 4, 2022
250,000	\$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
2,700,000	\$0.75	March 12, 2023
740,740	\$0.75	March 22, 2023
<b>Total:</b>	<b>35,243,319</b>	

Table below provides a summary of the share purchase options outstanding as at the date of this report:

Number of options	Exercise price per warrant	Expiry date
3,000,000	\$0.11	November 29, 2023
1,100,000	\$0.30	March 15, 2024
2,000,000	\$0.30	December 18, 2024
<b>Total:</b>	<b>6,100,000</b>	



## **REGULATORY DISCLOSURES**

### ***Off-Balance Sheet Arrangements***

As at January 31, 2021, the Company did not have any off-balance sheet arrangements.

### ***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 January 31, 2021 the Company had amounts payable of \$141,212 (October 31, 2020 - \$274,215) to related parties. These amounts are unsecured and non-interest bearing.

During the period ended January 31, 2021 the Company incurred share-based payment expenses of \$nil to related parties (January 31, 2020 - \$344,852).

During the period ended January 31, 2021 the Company incurred an expense of \$60,000 to a Company controlled by an executive related to consulting expenses (January 31, 2020 - \$49,000).

During the period ended January 31, 2021 the Company incurred an expense of \$27,000 to a director and shareholder of the Company related to office space and administrative expenses (January 31, 2020 - \$27,000) and also paid legal fees on their behalf of \$nil (January 31, 2020 - \$71,956). As at January 31, 2021, the Company owed \$13,388 (October 31, 2020 - \$52,696) related to these expenses.

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 January 31, 2021 the Company had a loan payable of \$1,484,748 (October 31, 2020 - \$920,556) to Greenbriar. The loan payable was unsecured, non-interest bearing demand loans.

As at January 31, 2021 the Company had a non-interest bearing loan payable of \$200,000 (October 31, 2020 - \$100,000) 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 a shareholder of Esmeralda. As at the period ended January 31, 2021 this transaction has not yet closed. As at January 31, 2020, the Company had \$142,445 (October 31, 2020 - \$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.

During the period ended January 31, 2021, the Company charged Solargram \$30,000 (January 31, 2020 - \$nil) 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 period ended January 31, 2021, the Company had a total of \$2,872,749 (October 30, 2020 - \$2,763,931) in receivables from Solargram relating to the Company funding Solargram operations until the acquisition closes.

### ***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 loss and comprehensive loss.

The Company's financial instruments consist of cash, receivables, 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.

Categories of financial instrument	January 31, 2021		October 31, 2020	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
<b>Financial assets</b>				
<i>Fair value through profit and loss (“FVTPL”)</i>				
Cash	45,386	45,386	19,439	19,439
<i>Amortized cost</i>				
Other receivables and advances	371,449	371,449	368,714	368,714
Solargram receivables	2,872,749	2,872,749	2,763,931	2,763,931
Mexico loan receivable	142,445	142,445	142,445	142,445
<b>Financial liabilities</b>				
<i>Other financial liabilities</i>				
Accounts payable and accrued liabilities	953,181	953,181	1,682,349	1,682,349
Loans payable	1,684,748	1,684,748	1,020,556	1,020,556
Lease liability	86,139	86,139	96,660	96,660

**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 period ended January 31, 2021.

*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.

### ***Significant Accounting Policies***

Please refer to the audited annual financial statements for the year ended October 31, 2020 which was filed on SEDAR.

### ***Risk and uncertainties***

For full details on the risks and uncertainties affecting the Company, please refer to the risk factors as described in the prospectus.

## **FORWARD LOOKING STATEMENTS**

This MD&A contains “forward-looking information” within the meaning of applicable Canadian securities legislation. Such forward-looking statements and information herein include, but are not limited to, statements regarding prospective development of its real estate projects. The Company does not intend to, and does not assume any obligation to update such forward-looking statements or information, other than as required by applicable law.

Forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and its operations to be materially different from those expressed or implied by such statements. Such factors include, among others: ability to finance various development, fluctuations in real estate prices, fluctuations in the currency markets (particularly in the Canadian dollar and U.S. dollar); changes in national and local governments, legislation, taxation, controls, regulations and political or economic developments in various countries; operating or technical difficulties in various Company developments; risks and hazards of real estate development and industrial accidents, unusual or unexpected geological conditions, pressures, inadequate insurance, or inability to obtain insurance; availability of and costs associated with inputs and labour; the speculative nature of real estate development, risks in obtaining necessary licenses and permits, and challenges to the Company’s title to various projects.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements or information, there may be other factors that cause results to be materially different from those anticipated, described, estimated, assessed or intended. There can be no assurance that any forward-looking statements or information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements or information.