

# **CAPTIVA VERDE WELLNESS CORP.**

## **(Formerly CAPTIVA VERDE LAND CORP.)**

### **Management's Discussion and Analysis**

### **For the period ended April 30, 2021**

(Expressed in Canadian dollars, unless otherwise noted)

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June 21, 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 six months ended April 30, 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 Wellness Corp. ("Captiva Verde" or the "Company") (formerly Captiva Verde Land Corp.) 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 and on May 21, 2021 changed its name from Captiva Verde Land Corp. to Captiva Verde Wellness Corp. 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 \$233,120 for the period ended April 30, 2021, and as at April 30, 2021 had an accumulated deficit of \$4,060,752 and working capital of \$153,264. 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 APRIL 30, 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.
- On March 12, 2021 the Company closed a non-brokered private placement consisting of 2,700,000 units at a price of \$0.27 for total 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 a common share of the Company at an exercise price of \$0.75 for a period of two years.
- On March 22, 2021 the Company closed a non-brokered private placement consisting of 740,740 units at a price of \$0.27 for total 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 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 \$13,807 in transaction costs. The Company also received \$1,971,000 in subscription proceeds received in advance from Greenbriar who are waiting for exchange approval for the 7,300,000 unit investment.
- On May 21, 2021 the Company changed its name from Captiva Verde Land Corp. to Captiva Verde Wellness Corp.
- On June 14, 2021, the Company announced that it proposes to purchase all of the issued and outstanding shares of Crypto One Corp ("C1") through a Plan of Arrangement as discussed below. In summary, existing shareholders of Captiva Verde, at no cost, will receive 1 new share of C1 for each block of 10 shares they hold in Captiva Verde. For greater clarity, a shareholder who owns 100,000 shares of Captiva Verde will own 10,000 shares of C1. The conversion will have an escalation bonus where every 10 cent increase in the price of Captiva Verde above \$0.40 will amount to a conversion increase of 10% so that at \$1.40 per share for Captiva Verde, the conversion will be 1 new share of C1 for each 5 shares held of Captiva at the soon to be determined conversion record date.

At the completion of the Plan of arrangement C1 will issue 150 Million shares to the shareholders of record of C1. At the current share price the capital stack on the proposed listing of C1 will look like this:

- 14,349,107 Existing shareholders of Captiva Verde
- 150,000,000 Shareholders of Crypto One Corp
- 164,349,107 Total pre-IPO financing

C1 plans to IPO approximately 10,000,000 shares subject to CSE approval at the date of the IPO.

#### About Crypto One

Crypto One Corp will introduce crypto-mining operations with fully optimized renewable energy performance through "never off-line" monitoring – called Advantage Performance Monitoring". This allows cost optimization during higher traffic mining events and the natural seasonal changes that impact the green power output. Every hour and minute matters when mining while the sun is shining and the unique de-regulated energy market in Alberta enables Crypto One to negotiate grid tied supply contracts to best rates. State of the art HVAC with 24/7 monitoring allows optimized hardware performance and the lowest operational costs in the industry together with available power capacity to scale up mining hash power and leverage fixed-costs to maximize the green energy mining window. Dependable and high performance mining hardware operates non-stop to capitalize on time before the next halving scheduled for 2024. Crypto One will produce the highly rewarded and very coveted "certified green energy cryptocurrency" that the environmentally conscious market is demanding.

Crypto One Corp is a private company in the cryptocurrency space dedicated to bringing digital assets onto the clean energy grid. Its Bitcoin mining sites have a zero-carbon footprint and the company's long-term

strategy is to be the largest vertically integrated crypto miner with a wholly owned, 100 percent renewable energy supply.

#### Plan of Arrangement Proposal

Captiva Verde is a public company listed on the Canadian Securities Exchange. It wholly owns processing facilities and organic farmland in New Brunswick and owns a brand new pharmaceutical laboratory in Mexico. Captiva Verde also has interest in large-scale sustainable housing in California and owns other consumer assets. Captiva Verde owns all these assets debt-free and was listed on the CSE on October of 2018.

The purpose of the Arrangement is to restructure the Company by creating one new company, Spinco, (Crypto One Corp) which will become a reporting issuer in the Provinces of British Columbia, Alberta and Ontario upon completion of the Arrangement. The Company believes this will be beneficial to the shareholders of the Company, as it is intended that Spinco will enter into a definitive agreement to acquire the Crypto One Assets upon completion of the Arrangement. Management also believes that by creating this new company and providing Captiva Shareholders with interests in this company, shareholder value will be significantly enhanced.

In this regard, Captiva Verde entered into an LOI whereby, subject to completion of the Arrangement, Spinco will acquire the Assets of Crypto One. The Proposed Acquisition is subject to completion of the Arrangement. Should the Arrangement be completed, the Proposed Acquisition would be subject to the execution by Spinco of a definitive agreement. It is anticipated that the Proposed Acquisition will be subject to standard closing conditions, including requisite corporate, judicial and regulatory approvals, financing and due diligence.

By creating a subsidiary, Spinco, which will acquire Captiva's LOI and become a separate reporting entity, Spinco (Crypto One) will be better able to pursue different specific operating strategies directly on its own without being subject to the financial and different interests of Captiva Verde. Some of the attributes are:

- Spinco provides the Company's shareholders with the opportunity to participate in a new corporate vehicle.
- After the separation, Spinco will also have the flexibility to implement its own unique growth strategies, allowing Spinco to refine and refocus its business strategy and plans.
- Additionally, because the resulting business will be focused in its respective industry, being renewable energy driven crypto-mining, Spinco will be more readily understood by public investors, allowing Spinco to be in a better position to raise capital and align management and employee incentives with the interests of shareholders.

Pursuant to the Arrangement, Captiva will transfer to Spinco all of Captiva's interest in and to the Crypto One LOI in exchange for 14,349,107 Spinco Shares, which shares will be distributed to the Captiva Shareholders who hold Captiva Shares on the Share Distribution Record Date. Each Captiva Shareholder as of the Share Distribution Record Date, other than a Dissenting Shareholder, will immediately after the Arrangement, hold the proposed pro-rata number of New Shares in the capital of Spinco (Crypto One) plus the exact number of shares of Captiva Verde that it currently owns to be distributed under the Arrangement for each currently held Captiva Share.

## **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 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 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:

	April 30, 2021	October 31, 2020
Opening	\$ 5,026,598	\$ 2,423,055
Additions – permitting and development costs	424,782	2,603,543
	<b>\$ 5,451,380</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 in 2021.

Property, plant and equipment (construction in progress):

	April 30, 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 April 30, 2021, the Company charged Solargram \$60,000 (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 April 30, 2021, the Company had a total of \$2,932,211 (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 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 \$250,826 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 \$989,622 related to project construction costs in connection with the Company’s building in Ensenada Mexico.

Property, plant and equipment (construction in progress):

	April 30, 2021	October 31, 2020
Opening	\$ 741,590	\$ -
Additions	248,032	741,590
	<b>\$ 989,622</b>	<b>\$ 741,590</b>

## DISCUSSION OF OPERATIONS

	Note	Three months ended April 30,		Six months ended April 30,	
		2021	2020	2021	2020
<b>Expenses</b>					
Administrative fees		\$ (64,307)	\$ (69,404)	\$ (129,593)	\$ (193,435)
Consulting fees		(41,020)	(79,545)	(162,384)	(124,853)
Filing fees		(19,229)	(8,869)	(33,919)	(17,580)
Legal and professional fee		(34,509)	(135,546)	(38,828)	(477,462)
Foreign exchange loss		8,366	(12,753)	7,221	(13,982)
Stock-based compensation	8	-	-	-	(546,072)
		\$ (150,699)	\$ (306,117)	\$ (357,503)	\$ (1,373,384)
<b>Other (expenses) income, net</b>					
Lease amortization	7	(9,040)	-	(18,080)	-
Lease accretion	7	(6,811)	-	(6,811)	-
Gain on shares for debt transaction	8	-	-	89,273	-
Other income	5	30,000	-	60,000	-
<b>Loss</b>		(136,550)	(306,117)	(233,121)	(1,373,384)
<b>Loss per share</b>					
Basic and diluted		\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.01)
<b>Weighted average shares outstanding</b>					
Basic and diluted		140,867,945	118,534,834	140,438,696	111,795,831

### Six months ended April 30, 2021 compared to historic period in 2020

Revenue is \$nil for the six months ended April 30, 2021, as the Company has not developed any projects to the revenue generation stage. The Company had a loss of \$233,121 for the six months ended April 30, 2021 compared to net loss of \$1,373,384 in the six months ended April 30, 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 in addition to \$546,072 in stock-based compensation expense in the prior period which was not repeated in the current period. The Company had total other income of \$60,000 related to facility lease charged to Solargram Farms, and an \$89,273 gain on shares for debt transaction which were not present in the comparative period. The basic and diluted loss per share of \$(0.00) is a result of the decreased loss.

### Three months ended April 30, 2021 compared to historic period in 2020

Revenue is \$nil for the three months ended April 30, 2021, as the Company has not developed any projects to the revenue generation stage. The Company had a loss of \$136,550 for the three months ended April 30, 2021 compared to net loss of \$306,117 in the three months ended April 30, 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 \$30,000 related to facility lease charged to Solargram Farms which was not present in the comparative period. The basic and diluted loss per share of \$(0.00) is a result of the decreased loss.

	<b>April 30, 2021</b>	<b>October 31, 2020</b>
Cash and cash equivalents	\$ 43,951	\$ 19,439
Total assets	14,450,660	13,407,043
Non-current financial liabilities	52,864	67,095
Cash dividends declared	\$ 0.00	\$ 0.00

Cash and cash equivalents were \$43,951 as at April 30, 2021 which is higher than the comparative period and is the result of timing of payments. Total assets are \$14,450,660 as at April 30, 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 \$52,864 as at April 30, 2021, and \$67,095 in the comparative period of October 31, 2020 as the Company capitalized a lease during the prior period and has made the required lease payments in the current period. There were no cash dividends declared as at April 30, 2021 and October 31, 2020.

### *Summary of Quarterly Results*

<i>(table amounts are expressed in thousands of CAD dollars)</i>	<b>Q2 2021</b>	<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>
Expenses	\$ (150,699)	\$ (206,804)	\$ (200,342)	\$ (358,664)	\$ (306,117)	\$ (1,067,267)	\$ (493,167)	\$ (111,287)
Other income	14,149	110,233	41,305	-	-	-	-	-
Net loss	(136,550)	(96,571)	(159,037)	(358,664)	(306,117)	(1,067,267)	(493,167)	(111,287)
Other comprehensive (loss) income	-	-	-	-	-	-	-	-
Total comprehensive gain (loss)	(136,550)	(96,571)	(159,037)	(358,664)	(306,117)	(1,067,267)	(493,167)	(111,287)
Basic/Diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)
Total assets	\$ 14,450,660	\$ 13,894,644	\$ 13,407,043	\$ 11,107,659	\$ 8,251,862	\$ 5,874,873	\$ 4,605,964	\$ 2,608,719

### *Three months ended April 30, 2021 compared to all historic quarters*

The Company incurred a net loss and total comprehensive loss of \$136,550 in the current quarter which is higher than Q1 2021 and Q3 2019 and lower than all other quarters. The increase in net loss from Q1 2021 was the result of an \$89,273 gain on settlement of accounts payable recorded in the prior quarter not repeated in the current quarter. The decrease in net loss compared to the remaining quarters 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 \$14,450,660 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>(table amounts are expressed in CAD dollars)</i>	<b>Three months ended April 30, 2021</b>	<b>Three months ended April 30, 2020</b>	<b>Six months ended April 30, 2021</b>	<b>Six months ended April 30, 2020</b>
Cash inflow (outflows) from operating activities	\$ (317,716)	\$ (6,380)	\$ (388,034)	\$ (387,086)
Cash inflow (outflows) from financing activities	549,953	2,081,748	1,096,268	3,115,842
Cash inflow (outflows) from investing activities	(233,672)	(2,188,258)	(683,722)	(3,382,906)
Net cash flows	(1,435)	(112,890)	24,512	(654,150)
Cash balance	\$ 43,951	\$ 81,221	\$ 43,951	\$ 81,221

As at April 30, 2021, the Company's net working capital was \$153,264 (October 31, 2020 – deficit of \$2,212,943).

### **For the six months ended April 30, 201 compared to the six months ended April 30, 2020:**

Cash outflows from operating activities of \$388,034 were higher 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 \$1,096,268 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 for the private placement net of the repayments of the Greenbriar loan, the closing of a private placement and warrant exercises in the current period.

Cash outflows from investing activities of \$683,722 were lower than the comparative period in 2020 and the result of lower 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 April 30, 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 April 30, 2021 and 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 April 30, 2021, the Company issued 150,000 common shares related to warrants exercises for gross proceeds of \$15,000.

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.

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. The Company also received \$1,971,000 in subscription proceeds received in advance from Greenbriar who are waiting for exchange approval for the 7,300,000 unit investment.

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
Total:	35,243,319	

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
Total:	6,100,000	

## REGULATORY DISCLOSURES

### *Off-Balance Sheet Arrangements*

As at April 30, 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 April 30, 2021 the Company had amounts payable of \$34,079 (October 31, 2020 - \$274,215) to related parties. These amounts are unsecured and non-interest bearing.

During the period ended April 30, 2021 the Company incurred share-based payment expenses of \$nil to related parties (April 30, 2020 - \$344,852).

During the period ended April 30, 2021 the Company incurred an expense of \$30,000 to a Company controlled by an executive related to consulting expenses (April, 2020 - \$49,000).

During the period ended April 30, 2021 the Company incurred an expense of \$54,000 to a director and shareholder of the Company related to office space and administrative expenses (April 30, 2020 - \$54,000) and also paid legal fees on their behalf of \$nil (April 30, 2020 - \$71,956). As at April 30, 2021, the Company owed \$34,079 (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. As at April 30, 2021 the Company had a loan receivable of \$486,666 (October 31, 2020 - \$920,556 loan payable) to Greenbriar. The loans are unsecured, non-interest bearing demand loans.

As at April 30, 2021 the Company had a non-interest bearing loan payable of \$nil (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 April 30, 2021 this transaction has not yet closed. As at April 30, 2021, to Company had \$250,826 (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 April 30, 2021, the Company charged Solargram \$60,000 (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 April 30, 2021, the Company had a total of \$2,932,211 (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	April 30, 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	43,951	43,951	19,439	19,439
<i>Amortized cost</i>				
Other receivables and advances	3,884	3,884	368,714	368,714
Loan receivable	486,666	486,666	-	-
Solargram receivables	2,932,211	2,932,211	2,763,931	2,763,931
Mexico loan receivable	250,826	250,826	142,445	142,445
<b>Financial liabilities</b>				
<i>Other financial liabilities</i>				
Accounts payable and accrued liabilities	438,012	438,012	1,682,349	1,682,349
Loans payable	-	-	1,020,556	1,020,556
Lease liability	82,429	82,429	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 April 30, 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.