

Captiva Verde Wellness Corp.

Financial Statements

For the years ended October 31, 2022 and 2021

(amounts expressed in Canadian dollars, except where indicated)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Captiva Verde Wellness Corp.

Opinion

We have audited the accompanying financial statements of Captiva Verde Wellness Corp. (the "Company"), which comprise the statements of financial position as at October 31, 2022 and 2021, 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, 2022 and 2021, 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 audit 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 audit 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 loss of \$3,625,233 during the year ended October 31, 2022 and, as of that date, the Company's current liabilities exceeded its current assets by \$1,812,084. 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.

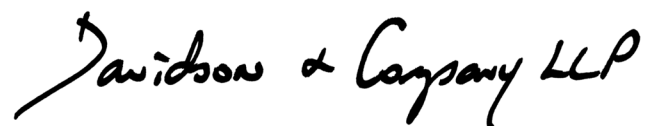
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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

February 28, 2023

Captiva Verde Wellness Corp.

Statement of Financial Position

(amounts expressed in Canadian dollars, except where indicated)

	Note	October 31, 2022	October 31, 2021
Assets			
Current Assets			
Cash		\$ 15,586	\$ 87,217
Other receivables		-	5,068
Prepays and advances		834	70,455
		16,420	162,740
Mexico loan receivable	7	-	366,631
Sage ranch project	5	5,591,588	5,583,788
Solargram farms	6	4,148,776	4,130,403
Mexico operations	7	-	1,057,206
Total assets		\$ 9,756,784	\$ 11,300,768
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 994,778	\$ 600,042
Loans payable	11	833,726	1,869,696
Lease liability	8	-	34,318
		1,828,504	2,504,056
Lease liability	8	-	36,286
Total liabilities		1,828,504	2,540,342
Shareholders' equity			
Share capital	9	13,999,273	11,309,726
Share based compensation reserves	9	1,281,908	1,128,188
Warrants reserves	9	3,868,810	3,579,990
Subscription proceeds received in advance, net	9	-	339,000
Deficit		(11,221,711)	(7,596,478)
Total shareholders' equity		7,928,280	8,760,426
Total liabilities and shareholders' equity		\$ 9,756,784	\$ 11,300,768

Nature of operations and going concern (note 1)

Commitments (note 12)

Subsequent events (note 16)

The accompanying notes are an integral part of these financial statements

Approved by the Board of Directors

"Jeff Ciachurski" Director

"Michael Boyd" Director

Captiva Verde Wellness Corp.
Statement of Loss and Comprehensive Loss

(amounts expressed in Canadian dollars, except where indicated)

	Note	Year Ended October 31,	
		2022	2021
Expenses			
Administrative fees	11	\$ (23,106)	\$ (232,319)
Consulting fees	11	(703,997)	(445,231)
Filing fees		(56,723)	(57,564)
Legal and professional fees		(362,521)	(206,584)
Foreign exchange (loss) gain		(39,493)	3,045
Project evaluation expenses		-	(37,638)
Travel		-	(2,444)
Share-based compensation	9	(184,465)	-
		(1,370,305)	(978,735)
Other (expenses) income, net			
Lease amortization	8	-	(36,160)
Write-off of right of use asset	8	-	(66,193)
Lease reversal	8	71,620	-
Provision for Solargram receivable	6	-	(2,884,511)
Impairment of Mexico assets	7	(1,471,807)	-
Lease accretion	8	(4,523)	-
Interest expense	11	(33,907)	(12,521)
Gain on shares for debt transaction	9	(811,651)	89,273
Other income	6	(4,660)	120,000
		(2,254,928)	(2,790,112)
Loss		(3,625,233)	(3,768,847)
Loss per share			
Basic and diluted		\$ (0.02)	\$ (0.03)
Weighted average shares outstanding			
Basic and diluted		174,384,218	141,977,425

The accompanying notes are an integral part of these financial statements

Captiva Verde Wellness Corp.

Statement of Changes in Shareholders' Equity

For the years ended October 31, 2022 and 2021

(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, 2021		143,491,067	\$ 11,309,726	\$ 1,128,188	\$ 3,579,990	\$ 339,000	\$ (7,596,478)	\$ 8,760,426
Private placement	9	12,000,000	431,180	-	288,820	(339,000)	-	381,000
Private placement transaction cost	9	-	(12,378)	-	-	-	-	(12,378)
Shares for debt	9	27,000,000	2,160,000	-	-	-	-	2,160,000
Share-based compensation expense	9	-	-	184,465	-	-	-	184,465
Options exercised	9	2,000,000	110,745	(30,745)	-	-	-	80,000
Income for the year		-	-	-	-	-	(3,625,233)	(3,625,233)
Balance at October 31, 2022		184,491,067	\$ 13,999,273	\$ 1,281,908	\$ 3,868,810	\$ -	\$ (11,221,711)	\$ 7,928,280

	Notes	Shares	Share capital	Share based compensation reserves	Warrants reserves	Subscription proceeds received in advance	Deficit	Total equity
Balance at October 31, 2020		136,924,561	\$ 9,997,458	\$ 1,128,188	\$ 3,309,463	\$ -	\$ (3,827,631)	\$ 10,607,478
Private placement	9	3,440,740	655,542	-	273,458	-	-	929,000
Private placement transaction cost	9	-	(15,874)	-	-	-	-	(15,874)
Shares for services	9	2,975,766	654,669	-	-	-	-	654,669
Warrants exercised	9	150,000	17,931	-	(2,931)	-	-	15,000
Subscription proceeds received in advance	9	-	-	-	-	339,000	-	339,000
Loss for the year		-	-	-	-	-	(3,768,847)	(3,768,847)
Balance at October 31, 2021		143,491,067	\$ 11,309,726	\$ 1,128,188	\$ 3,579,990	\$ 339,000	\$ (7,596,478)	\$ 8,760,426

The accompanying notes are an integral part of these financial statements

Captiva Verde Wellness Corp.

Statement of Cash Flows

(amounts expressed in Canadian dollars, except where indicated)

	Note	Year Ended October 31	
		2022	2021
Cash used from operating activities			
Loss for the year		\$ (3,625,233)	\$ (3,768,847)
Change in non-cash operating working capital			
Accretion expense	8	4,523	12,521
Share-based compensation	9	184,465	-
Lease reversal	8	(71,620)	-
Interest expenses	11	33,907	-
Unrealized foreign exchange gain		-	(17,338)
Write-off of right to use asset	8	-	66,193
Provision for Solargram receivable	6	-	2,884,511
Amortization of right of use asset	8	-	36,160
Other income accrued through Solargram receivable	6	-	(120,000)
Impairment of Mexico assets	7	1,471,807	-
Loss (gain) on shares for debt transaction	9	811,651	(89,273)
Decrease (increase) in prepaid expenses and other receivables		74,688	406,565
Increase (decrease) in accounts payable and accrued liabilities		646,963	284,506
		(468,849)	(305,002)
Cash flows from investing activities			
Sage ranch	5	(49,474)	(614,973)
Mexico operations	7	(20,781)	(156,280)
Mexico loan receivables	7	(33,500)	(224,186)
Solargram receivables	6	-	(277,418)
Solargram farms	6	(76,722)	(93,477)
		(180,477)	(1,366,334)
Cash flows from financing activities			
Proceeds from private placement	9	381,000	829,000
Share subscriptions received in advance	9	-	339,000
Lease payments	8	(3,507)	(38,577)
Proceeds received from warrant exercises	9	-	15,000
Share issuance costs	9	(2,398)	(36,041)
Proceeds from loans payable, net of repayments	11	202,600	630,732
		577,695	1,739,114
Increase in cash		(71,631)	67,778
Cash – beginning of year		87,217	19,439
Cash – end of year		\$ 15,586	\$ 87,217

See supplemental cash flow information in note 14

The accompanying notes are an integral part of these financial statements

Captiva Verde Wellness Corp.

Notes to the Financial Statements

For the years ended October 31, 2022 and 2021

(amounts expressed in Canadian dollars, except where indicated)

1 Nature of operations and going concern

Captiva Verde Wellness 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 \$3,625,233 for the year ended October 31, 2022 and as at October 31, 2022 has an accumulated deficit of \$11,221,711. As at October 31, 2022, the Company has working capital deficit of \$1,812,084. 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 these material uncertainties may cast 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.

Recent global issues, including the ongoing COVID-19 pandemic and the 2022 Russian invasion of Ukraine have adversely affected workplaces, economies, supply chains, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of these issues and their effects on the Company’s business or results of operations 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, 2022. The policies set out below were consistently applied to all periods presented.

These financial statements were authorized for issue by the Board of Directors on February 28, 2023.

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.

Captiva Verde Wellness Corp.

Notes to the Financial Statements

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(amounts expressed in Canadian dollars, except where indicated)

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

Impairment

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

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

(ii) Non-derivative financial liabilities

Financial liabilities, other than derivatives, are initially recognized at fair value less directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities 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, 2022, the Company capitalized construction in progress costs of \$56,677 (2021 - \$335,420) presented as Solargram Farms (note 6) and Mexico Operations (note 7). As at October 31, 2022, the Mexico Operations were written off.

Taxation

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

Current income tax

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

Captiva Verde Wellness Corp.

Notes to the Financial Statements

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(amounts expressed in Canadian dollars, except where indicated)

Deferred income tax

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

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

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

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

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

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

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

Share-based payments

The Company accounts for share-based compensation using the Black-Scholes option pricing model. Accordingly, the fair value of the options at the date of grant is accrued with a corresponding credit to share based compensation reserves and charged to earnings over the vesting period. If, and when, the stock options are exercised, the applicable amounts of share based compensation reserves are transferred to share capital. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the stock-based compensation. Otherwise, share-based compensation is measured at the fair value of goods or services received.

Share capital

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

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

Captiva Verde Wellness Corp.

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(amounts expressed in Canadian dollars, except where indicated)

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

Loss per share

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

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

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.

Impairment of Non-Financial Assets

For the purposes of assessing impairment, the recoverable amount of an asset, which is the higher of its fair value less costs to sell and its value in use, is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the asset is included in the cash-generating unit to which it belongs and the recoverable amount of the cash generating unit is estimated. As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Intangible assets with an indefinite useful life and intangible asset not yet available for use are also tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the asset is impaired such as decreases in metal prices, an increase in operating costs, a decrease in mineable reserves or a change in foreign exchange rates. The Company also considers net book value of the asset, the ongoing costs required to maintain and operate the asset, and the use, value and condition of the asset.

Captiva Verde Wellness Corp.

Notes to the Financial Statements

For the years ended October 31, 2022 and 2021

(amounts expressed in Canadian dollars, except where indicated)

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the value-in-use, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Future cash flows used in the determination of value in use are estimated based on expected future production, recoverability of reserves, commodity prices, operating costs, reclamation costs and capital costs. Management estimates of future cash flows are subject to risks and uncertainties. It is reasonably possible that changes in estimates could occur which may affect the recoverable amounts of assets, including the Company's investments in mine properties.

Fair value is determined with reference to discounted estimated future cash flow analysis or on recent transactions involving dispositions of similar properties.

An impairment loss for a cash-generating unit is first allocated to reduce the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is allocated on a pro rata basis to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist or may have decreased. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, however only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

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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. During the year ended October 31, 2021, management determined that the carrying value of the Solargram farms investment was not impaired as the carrying value was supported under a replacement cost evaluation.

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.

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.

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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.

Option and Joint Venture Agreement

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 all applicable permitting and development costs for the Sage Ranch Project (the Company is in default on such funding obligations and no determination has been made as to the affects to the JV at this point in time. Risk factors are market conditions and the Company’s ability to finance).

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, provided all three conditions are met above.

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, 2022	October 31, 2021
Opening	\$ 5,583,788	\$ 5,026,598
Additions – permitting and development costs	7,800	557,190
	\$ 5,591,588	\$ 5,583,788

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 and meeting other certain financial and legal conditions that are not yet met. On June 29, 2020, Solargram received their Cannabis Grow License from Health Canada. As at October 31, 2022, the transaction has not closed.

On January 26, 2021, Solargram has now additionally been approved of a Canadian Federal Health Canada processing license.

Property, plant and equipment (construction in progress):

	October 31, 2022	October 31, 2021
Opening	\$ 4,130,403	\$ 4,110,599
Additions	18,373	19,804
	\$ 4,148,776	\$ 4,130,403

Captiva Verde Wellness Corp.

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On September 30, 2021, the Company announced it was made aware of a lawsuit filed against the Company by Solargram. On November 5, 2021, the Company terminated the acquisition agreement with Solargram and filed a Statement of Defence and Counterclaim in response to the claim filed by Solargram Farms in New Brunswick, Canada.

During the year ended October 31, 2022, the Company charged Solargram \$nil (2021: \$120,000) 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. As at October 31, 2021, the Company provided for \$2,884,511 of a loan to Solargram as the Company has no access to the financial records of Solargram, although the Company continues to work towards a resolution of the ongoing legal issues and recovery of this amount. The receivable had 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, 2022, 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 \$400,131 in receivables from Esmeralda relating to the Company funding Esmeralda operations until the acquisition closes. As at October 31, 2022, the Company determined that they would no longer pursue the Esmeralda transaction and has written off the receivable and property, plant and equipment. The receivable had no repayment terms, was non-secured and non-interest bearing. The total impairment of \$1,417,807 also included a recovery of accounts payable of \$23,834.

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 \$nil (2021 - \$1,057,206) related to project construction costs in connection with the Company's building in Ensenada Mexico.

Property, plant and equipment (construction in progress):

	October 31, 2022	October 31, 2021
Opening	\$ 1,057,206	\$ 741,590
Additions	38,304	315,616
Impairment	(1,095,510)	-
	\$ -	\$ 1,057,206

8 Right of use asset and lease liability

Right of use asset	October 31, 2022	October 31, 2021
Opening balance	\$ -	\$ 102,353
Less: depreciation	-	(36,160)
Write-off of right to use asset	-	(66,193)
	\$ -	\$ -

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Lease liability	October 31, 2022	October 31, 2021
Opening balance	\$ 70,604	\$ 96,660
Reversal of lease liabilities	(71,620)	-
Lease payments	(3,507)	(38,577)
Accretion	4,523	12,521
	\$ -	\$ 70,604
Less: current portion	-	(34,318)
Classified as long-term liability	\$ -	\$ 36,286

Undiscounted lease payments	October 31, 2022	October 31, 2021
Not later than a year	\$ -	\$ 42,084
Later than a year	-	35,074
	\$ -	\$ 77,158

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. The Company's lease related to an equipment lease. During the year ended October 31, 2022, the Company incurred \$nil (2021 - \$118,052) for short-term leases not included in lease liabilities. During the year ended October 31, 2022, the Company and Solargram agreed that Solargram would continue with the lease payments and therefore \$71,620 of the remaining lease liability has been reversed.

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, 2022 the issued and outstanding share capital consists of 184,491,067 common shares.

Fiscal 2022

On November 10, 2021, the Company closed a non-brokered private placement consisting of 12,000,000 units at a price of \$0.06 per unit for total gross proceeds of \$720,000 of which \$339,000 was received during the year ended October 31, 2021. 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 \$0.10 for a period of two years. As part of the financing, the Company incurred \$12,378 in transaction costs.

The total warrants issued were 12,000,000. The relative fair value of the warrants was calculated at \$288,820 and was determined on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 1.00% risk free interest rate, expected life of 2 years, 97% annualized volatility and 0% dividend rate.

On February 17, 2022, the Company issued an aggregate 27,000,000 common shares valued at \$2,160,000 to settle \$1,348,349 in debt owed to certain creditors. As part of the transaction, the Company recorded a loss on shares for debt of \$811,651.

On October 6, 2022, 2,000,000 options were exercised for a reduction of accounts payable of \$80,000.

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Notes to the Financial Statements

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Fiscal 2021

On November 25, 2020, the Company issued 2,975,766 common shares to settle \$743,942 in debt owed to creditors. The fair value of the shares issued was \$654,669 and therefore the Company recorded a gain in settlement of debt of \$89,273.

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.

The total warrants issued were 2,700,000. The relative fair value of the warrants was calculated at \$217,965 and was determined on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 0.25% risk free interest rate, expected life of 2 years, 116% annualized volatility and 0% dividend rate.

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 \$15,874 in transaction costs.

The total warrants issued were 740,740. The relative fair value of the warrants was calculated at \$55,493 and was determined on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 0.26% risk free interest rate, expected life of 2 years, 114% annualized volatility and 0% dividend rate.

During the year ended October 31, 2021, the Company issued 150,000 common shares related to warrants exercises for gross proceeds of \$15,000.

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 July 13, 2022 the Company issued 12,000,000 share-purchase options at a price of \$0.04 per share for a term of three years. The fair value of the share options was estimated at \$184,465 on the date of grant using the Black-Scholes option pricing model, with the following assumptions: expected option life of 3 years, expected stock price volatility 114%, dividend payment during life of option was nil and risk free interest rate 3.17%.

A summary of stock option information as at October 31, 2022 and October 31, 2021 is as follows:

	October 31, 2022		October 31, 2021	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding – beginning of year	6,100,000	\$ 0.21	6,100,000	\$ 0.21
Granted	12,000,000	0.04	-	-
Exercised	2,000,000	0.04	-	-
Outstanding – end of year	16,100,000	\$ 0.10	6,100,000	\$ 0.21

The following table discloses the number of options and vested options outstanding as at October 31, 2022:

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	1.08	3,000,000	\$0.11	1.08
3,100,000	\$0.30	1.87	3,100,000	\$0.30	1.87
10,000,000	\$0.04	2.70	10,000,000	\$0.04	2.70
16,100,000	\$0.10	2.24	16,100,000	\$0.10	2.24

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c) Share purchase warrants as at October 31, 2022 and October 31, 2021:

	October 31, 2022		October 31, 2021	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding – beginning of year	35,154,740	\$ 0.71	31,952,579	\$ 0.70
Issued	12,000,000	0.10	3,440,740	0.75
Expired	(31,714,000)	0.71	(88,579)	0.10
Exercised	-	-	(150,000)	0.10
Outstanding – as at year end	15,440,740	\$ 0.24	35,154,740	\$ 0.71

Number of warrants	Exercise price per warrant	Expiry date
2,700,000	\$0.75	March 12, 2023
740,740	\$0.75	March 22, 2023
12,000,000	\$0.10	November 10, 2023
Total:	15,440,740	

As at October 31, 2022, the weighted average exercise price of the warrants outstanding was \$0.24 (October 31, 2021 - \$0.71) with a weighted average remaining contractual life of 0.88 years (October 31, 2021 – 0.50 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 statement of loss and comprehensive loss.

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

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Categories of financial instrument	October 31, 2022		October 31, 2021	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
<i>Fair value through profit and loss ("FVTPL")</i>				
Cash	15,586	15,586	87,217	87,217
<i>Amortized cost</i>				
Other receivables and advances	-	-	5,068	5,068
Mexico loan receivable	-	-	366,631	366,631
Financial liabilities				
<i>Other financial liabilities</i>				
Accounts payable and accrued liabilities	994,778	994,778	600,042	600,042
Loans payable	833,726	833,726	1,869,696	1,869,696

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, 2022.

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.

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.

As at October 31, 2022, the Company had amounts payable of \$577,659 (October 31, 2021 - \$292,399) to related parties. These amounts are unsecured and non-interest bearing.

Captiva Verde Wellness Corp.

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During the year ended October 31, 2022, the Company incurred share-based payments expense of \$122,977 to related parties (October 31, 2021 - \$nil).

During the year ended October 31, 2022, the Company incurred an expense of \$90,000 to a Company controlled by an executive related to consulting expenses (October 31, 2021 - \$60,000). During the year ended October 31, 2022 the Company received a loan of \$45,000 from this executive which was repaid during the year.

During the year ended October 31, 2022, the Company incurred an expense of \$nil to a director and shareholder of the Company related to office space and administrative expenses (October 31, 2021 - \$108,000). In addition, during the year ended October 31, 2022, the Company incurred an expense of \$560,018 related to consulting expenses (October 31, 2021 - \$113,320). As at October 31, 2022, the Company owed \$483,714 (October 31, 2021 - \$113,320) related to these expenses.

During the year ended October 31, 2022, the Company incurred an expense of \$5,978 to a Company controlled by a director related to consulting expenses (October 31, 2021 - \$5,978).

During the year ended October 31, 2022, the Company incurred an expense of \$nil to a Company controlled by a director related to consulting expenses (October 31, 2021 - \$91,000).

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, 2022 the Company had a loan payable of \$833,726 (October 31, 2021 - \$1,869,696) to Greenbriar. On February 17, 2022, the Company issued 25,800,000 common shares valued at \$2,064,000 to settle \$1,290,000 of the loan and recorded a loss on settlement of \$744,000. On April 20, 2022, the Company entered into a promissory note with Greenbriar where the remainder of the loan would bear interest at the rate of 8% per annum for a term of 24 months. During the year ended October 31, 2022 the Company recorded \$33,907 (2021 - \$nil) in interest expense related to the loan. During the year ended October 31, 2022 the Company received \$362,600 in additional loans and repaid \$160,000.

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 year ended October 31, 2022 this transaction has not yet closed. As at October 31, 2022, the Company had \$nil (2021: \$366,631) in receivables from Esmeralda relating to the Company funding Esmeralda operations until the acquisition closes. The receivables were unsecured, non-interest bearing demand loans. (see Note 7 for more information). As at October 31, 2022, the Company determined that they would no longer pursue the Esmeralda transaction and has written off the receivable and property, plant and equipment. The total impairment of \$1,417,807 also included a recovery of accounts payable of \$23,834.

During the year ended October 31, 2022, the Company charged Solargram \$nil (2021: \$120,000) 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. As at October 31, 2021, the Company provided for \$2,884,511 of a loan to Solargram as the Company has no access to the financial records of Solargram, although the Company continues to work towards a resolution of the ongoing legal issues and recovery of this amount. The receivable had no repayment terms, is non-secured and non-interest bearing (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

During the year ended October 31, 2022, the Company concluded not to pursue the Miss Envy transaction and has cancelled the agreement.

Captiva Verde Wellness Corp.

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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% (2021 - 27.0%) as follows:

	October 31, 2022	October 31, 2021
Loss for the year	\$ (3,625,233)	\$ (3,768,847)
Expected income tax recovery	(979,000)	(1,018,000)
Change in statutory, foreign tax, foreign exchange rates and other	7,000	(2,000)
Permanent differences	50,000	-
Share issuance costs	(3,000)	(4,000)
Adjustment to prior years provision versus statutory tax return	24,000	(4,000)
Change in unrecognized deductible temporary	901,000	1,028,000
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, 2022	October 31, 2021
Share issue costs	\$ 15,000	\$ 31,000
Other	1,178,000	779,000
Canadian non-capital losses available for future period	1,686,000	1,168,000

The Company's non-capital losses available for future periods of \$6,246,000 (2021 - \$4,325,000) expire between 2027 and 2042.

14 Supplemental cash flow

Supplemental cash flow information	Notes	2022	2021
Sage Ranch expenditures accrued	5	\$ (7,626)	\$ (50,106)
Shares issued in settlement of debt	9	\$ (1,348,349)	\$ (743,942)
Subscriptions received in advance		\$ -	\$ (100,000)
Solargram farms expenditures accrued	6	\$ -	\$ (58,348)
Mexico additions made by related company		\$ (17,523)	\$ (235,746)
Options exercised to repay debt	9	\$ 80,000	\$ -
Share issuance costs accrued through accounts payable		\$ (12,047)	\$ (2,067)
GST on other income capitalized in Solargram receivable		\$ -	\$ (18,000)
Cash paid for interest		\$ -	\$ -
Cash paid for taxes		\$ -	\$ -

Captiva Verde Wellness Corp.

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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, 2022				As at October 31, 2021			
	Canada	USA	Mexico	Total	Canada	USA	Mexico	Total
Assets								
Sage ranch project	-	5,591,588	-	5,591,588	-	5,583,788	-	5,583,788
Solargram farms	4,148,776	-	-	4,148,776	4,130,403	-	-	4,130,403
Mexico operations	-	-	-	-	-	-	1,057,206	1,057,206
Income								
Revenue	-	-	-	-	-	-	-	-
Interest expense	(38,430)	-	-	(38,430)	(12,521)	-	-	(12,521)
Lease amortization	-	-	-	-	(36,160)	-	-	(36,160)
Loss	(2,105,426)	-	(1,519,807)	(3,625,233)	(3,616,068)	(125,100)	(27,679)	(3,768,847)

16 Subsequent events

- 1) Subsequent to year end, on December 23, 2022, the Company closed a non-brokered private placement consisting of 20,000,000 units at a price of \$0.02 for total gross proceeds of \$400,000. 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 \$0.05 for a period of five years.
- 2) Subsequent to year end, on February 23, 2023, 625,000 warrants were exercised for a reduction in accounts payable of \$62,500.