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## **NEWS RELEASE**

# **Organto Announces Third Quarter Fiscal 2017 Financial Results and Provides Strategic Update**

**Vancouver, BC, Canada, November 30, 2017 – Organto Foods Inc. (TSX-V: OGO, OTC: OGOFF) (“Organto” or “the Company”)**, a leading vertically integrated provider of value-added branded organic vegetables, today announced financial results for the third quarter ended September 30, 2017 and provided an update on key strategic developments across the organization.

“During the third quarter we made solid progress on key elements of our three-pillar strategic platform, significantly expanding our product supply, strategically growing our branded and private label product offerings and customer base, and continuing to build-out our infrastructure to support growth opportunities and scale our business. The impact of the progress made on these strategies, when combined with the completion of our over-subscribed private placement near the end of September, positions Organto for an exciting future and we believe the impact will become apparent in future financial results.”

### **Third Quarter 2017 Financial Review**

- Revenues of \$135,623 in the third quarter of 2017 versus revenues of \$209,350 in the third quarter of 2016. All revenues in 2017 were generated from certified organic products versus entirely conventional products in the prior year, reflecting the strategic shift to fast growing organic foods categories.
- Net loss from continuing operations of \$1,468,605 in the third quarter of 2017 versus a net loss from continuing operations of \$1,065,311 in the third quarter of 2016, reflecting continued infrastructure spending to support expected business growth.
- Cash of \$2,257,086 at the end of the quarter versus \$26,230 as at December 31, 2016.
- Total assets of \$7,693,330 at the end of the quarter versus \$5,102,997 as at December 31, 2016.

“Our operating results for the third quarter reflect the initial commercialization of our organic product offering, which was somewhat impacted by supply issues during the quarter as we transitioned from our own growing operations to strategic third-party supply, all in alignment with our asset light business model. Our results also reflect investment in infrastructure and resources required to support our anticipated growth in the coming quarters. With the completion of our private placement near the end of September, our balance sheet has improved and we are utilizing this to drive the growth of our business.”

### **Continued Focus on Three-Tier Strategic Platform**

We continue to focus on our three key strategic pillars: *Supply, Brand and Infrastructure*, and remain confident that executing on these strategies will deliver long-term value to our shareholders.

- *Supply* – development of year-round vertically integrated organic supply chain capabilities;

- *Brand* – building the Organto brand as a leading brand in organic value-added vegetables with large retailers worldwide; and
- *Infrastructure* – responsibly building-out the organization to allow the business to scale at speed.

### *Supply*

Our *supply* strategic pillar is focused on the development of our vertically integrated supply chain capabilities, building year-round supply from diverse growing regions and leveraging a combination of our own growing operations and strategic third-party growers to scale our business in an asset light business manner. We have made significant progress in this regard including:

- We contracted with two strategic partners in Peru for the provision of organic green beans, organic snow peas, organic sugar snaps and organic green asparagus, with supply commencing in the fourth quarter of 2017.
- We contracted with two strategic growers in Egypt for the provision of organic green beans, organic snow peas and organic sugar snaps, with supply commencing in the fourth quarter of 2017.
- We scaled back our own growing operations in Guatemala and entered into a supply agreement with a strategic partner for supply commencing late 2017, reducing growing risk and investment required.
- We have added necessary internal resources focused on identifying additional strategic growers around the globe to meet supply demands as well as establish improved control over the supply chain.

### *Brand*

Our *brand* strategic pillar is focused on building a leading brand in organic value-added vegetables, leveraging packaging formats for shelf-life and product safety. We continued to make solid progress on this pillar including;

- We added organic green asparagus to our product line-up and will start commercializing these products in the fourth quarter of 2017.
- We have added three significant European retailers to our customer list and will commence serving these customers during the fourth quarter of 2017, and have commenced discussions with some large US retailers for supply in the back half of 2018.
- We launched a new consumer website under the tag line “I Am Organic”.
- We finalized a marketing campaign to support our brand in the European marketplace and the social media test component of this campaign has been kicked off, with the formal campaign to follow.
- We have added necessary internal marketing personnel to work closely with external marketing resources to refine our go-to-market strategy as we roll-out our brand to new markets in 2018.

### *Infrastructure*

Our *infrastructure* strategic pillar is focused on ensuring we have the necessary resources to support growth opportunities and responsibly grow and scale our business. Significant progress has been made in this regard including:

- We completed an oversubscribed private placement in September 2017 for net proceeds of \$4.9 million, providing necessary funding to support our business plan.
- We have added significant leadership depth with the appointment of Arnoud Maas as CEO and Erik Kleerebezem as CFO.
- We completed our Annual General Meeting and added three new directors to the board, all with previous foods industry experience. As a result, we appointed Steve Bromley as Chair of the Board.

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- We have expanded the depth in our organization adding production and supply chain resources, marketing and sales resources and finance and administration resources.
  - We have commenced transition of our finance and administration systems from a contracted service model to a stand-alone model, in order to support expected growth, with target completion by the end of fiscal 2017.

ON BEHALF OF THE BOARD,

*Arnoud Maas*  
Chief Executive Officer

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.*

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## **About Organto**

*Organto is a vertically integrated provider of year-round value-added branded organic produce serving a growing socially responsible and health conscious consumer around the globe. Organto employs a business model that is integrated from the “table to the field”. Driven by consumer demand for healthy and organic food products, it operates an integrated business model with extensive logistical, processing and growing capabilities, providing complete traceability from the table back to the field. Operations are currently located in Guatemala, The Netherlands and the USA, as well as secured third-party supply from Africa and Peru, with plans to continue to expand year-round supply capabilities via strategic third-party growers and processors in Africa, Mexico and other growing regions. Organto’s business model is rooted in its commitment to sustainable business practices focused on environmental responsibility and a commitment to the communities where it operates, its people and its shareholders.*

## **Forward Looking Statements**

*This news release may include certain forward-looking information and statements, as defined by law including without limitation Canadian securities laws and the “safe harbor” provisions of the US Private Securities Litigation Reform Act of 1995 (“forward-looking statements”). In particular, and without limitation, this news release contains forward-looking statements respecting Organto’s three-tier strategic platform, Organto’s business model and markets; Organto’s vertically integrated year-round supply capabilities and plans to continue to develop and expand these capabilities; beliefs related to current market demand and expected growth of our branded and private label product offerings and customer base; potential increases of supply from strategic supply partners; continued build-out of infrastructure to support growth and scale Organto’s business; the impact on the business of the completion of the private placement; management’s confidence in the Company’s strategies and ability to deliver long-term value to shareholder’s; management’s general beliefs, assumptions and expectations; and general business and economic conditions. Forward-looking statements are based on a number of assumptions that may prove to be incorrect, including without limitation assumptions about the following: the ability and time frame within which Organto’s business model will be implemented and product supply will be increased; cost increases; dependence on suppliers, partners and contractual counter-parties; changes in the business or prospects of Organto; unforeseen circumstances; risks associated with the organic produce business generally, including inclement weather, unfavourable growing conditions, low crop yields, variations in crop quality, spoilage, import and export laws and similar risks; transportation costs and risks; general business and economic conditions; and ongoing relations with distributors, customers, employees, suppliers, consultants, contractors, partners and joint venturers. The foregoing list is not exhaustive and Organto undertakes no obligation to update any of the foregoing except as required by law.*

**Organto Foods Inc.**

Condensed Interim Consolidated Statements of Loss (Unaudited)  
For the Three and Nine Month Periods Ended September 30, 2017  
(Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	September 30, 2017 (\$)	September 30, 2016 (\$)	September 30, 2017 (\$)	September 30, 2016 (\$)
Sales	135,623	209,350	456,075	2,129,241
Cost of sales	(534,750)	(295,998)	(1,485,932)	(1,977,577)
Gain (loss) on remeasurement of biological assets	(42,150)	-	170,554	-
Gross profit (loss)	(441,277)	(86,648)	(859,303)	151,664
Selling, general and administration expenses	531,700	481,017	1,457,000	1,115,574
Management fees	302,340	263,321	863,746	654,862
Salaries and benefits	303,961	67,297	503,915	264,984
	(1,579,278)	(898,283)	(3,683,964)	(1,883,756)
Interest expense	(57,950)	(41,257)	(217,298)	(159,583)
Other income (expense)	44,296	-	(29)	-
Foreign exchange gain (loss)	54,380	(62,016)	53,835	(136,126)
Gain on derivative financial liability	47,288	-	47,288	-
Gain (loss) on embedded derivative financial liability (note 8)	22,659	(63,755)	92,020	(72,929)
<b>Net loss from continuing operations</b>	<b>(1,468,605)</b>	<b>(1,065,311)</b>	<b>(3,708,148)</b>	<b>(2,252,394)</b>
<b>Net income from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,892</b>
<b>Net loss for the period</b>	<b>(1,468,605)</b>	<b>(1,065,311)</b>	<b>(3,708,148)</b>	<b>(2,230,502)</b>
<b>Net loss attributable to:</b>				
Shareholders of Organto Foods Inc.	(1,467,806)	(1,047,678)	(3,639,809)	(2,210,609)
Non-controlling interest	(799)	(17,633)	(68,339)	(19,893)
	<b>(1,468,605)</b>	<b>(1,065,311)</b>	<b>(3,708,148)</b>	<b>(2,230,502)</b>
Earnings (loss) per share				
Basic and diluted from continuing operations	(0.02)	(0.01)	(0.04)	(0.03)
Basic and diluted from discontinued operations	0.00	0.00	0.00	0.00
Basic and diluted	(0.02)	(0.01)	(0.04)	(0.03)

**Organto Foods Inc.**

Condensed Balance Sheets (Unaudited)

As at September 30, 2017 and December 31, 2016

(Expressed in Canadian Dollars)

	September 30, 2017 (\$)	December 31, 2016 (\$)
<b>Assets</b>		
Current assets		
Cash	2,257,086	26,230
Receivables	214,715	53,237
Inventories	340,732	246,723
Prepaid expenses	462,195	51,484
	3,274,728	377,674
Non-current assets		
Property, plant and equipment	4,408,664	4,712,831
Other non-current assets	9,938	12,492
	<b>7,693,330</b>	<b>5,102,997</b>
<b>Liabilities and Shareholders' equity</b>		
Current liabilities		
Accounts payable	1,877,142	2,212,356
Accrued liabilities	266,890	440,090
Due to Omega S.A.	474,333	500,419
Short-term loans payable	-	302,558
Convertible loan payable	592,366	787,110
Embedded derivative financial liability	110,395	69,361
Due to Columbus Gold Corp.	263,519	138,683
	3,584,645	4,450,577
Non-current liabilities		
Convertible debenture	1,707,842	-
Derivative financial liability	262,712	-
<b>Total liabilities</b>	<b>5,555,199</b>	<b>4,450,577</b>
Shareholders' equity		
Share capital	10,964,711	6,000,631
Reserves	1,359,530	1,126,939
Deficit	(9,968,493)	(6,328,684)
<b>Equity attributable to shareholders of Organto Foods Inc.</b>	<b>2,355,748</b>	<b>798,886</b>
Non-controlling interests	(217,617)	(146,466)
<b>Total equity</b>	<b>2,138,131</b>	<b>652,420</b>
	<b>7,693,330</b>	<b>5,102,997</b>

**Organto Foods Inc.**

## Condensed Interim Statements of Cash Flow

For the Three and Nine Month Periods Ended September 30, 2017

(Expressed in Canadian Dollars)

	Three months ended		Nine months ended	
	September 30, 2017 (\$)	September 30, 2016 (\$)	September 30, 2017 (\$)	September 30, 2016 (\$)
<b>Operating activities</b>				
Net loss for the period from continuing operations	(1,468,605)	(1,065,311)	(3,708,148)	(2,252,394)
Items not involving cash				
Amortization (	96,402	85,642	286,179	423,731
Compensation shares	122,100	-	122,100	-
Share-based payments	-	-	72,500	-
Foreign currency transaction loss	191,394	97,217	137,576	169,651
Accrued interest expense	57,950	65,260	217,298	146,782
⌘ Loss (gain) on remeasurement of biological assets	42,150	-	(170,554)	-
Gain on derivative financial liability	(47,288)	-	(47,288)	-
Gain on embedded derivative financial liability	(22,659)	-	(92,020)	-
Cash used in operating activities before changes in non-cash working capital	(1,028,556)	(817,192)	(3,182,357)	(1,512,230)
Changes in non-cash working capital	(441,741)	264,401	(932,447)	787,834
Cash used in operating activities	(1,470,297)	(552,791)	(4,114,804)	(724,396)
<b>Investing activities</b>				
Property, plant and equipment	(92,833)	-	(114,139)	(24,495)
Proceeds from sale of Clanton Hills property	-	-	-	27,448
Other non-current assets	-	(4,270)	-	(4,270)
Cash used in investing activities	(92,833)	(4,270)	(114,139)	(1,317)
<b>Financing activities</b>				
Proceeds from private placements	3,219,531	443,911	5,164,476	533,884
Share issuance cost	(180,400)	-	(254,476)	-
Proceeds from debentures issued	-	-	2,035,000	-
Interest paid	(110,539)	-	(116,032)	(13,487)
Proceeds received for planned private placement	-	39,502	-	39,502
Repayment of amounts due to Omega S.A.	(98,068)	-	(98,068)	-
Repayment of short-term loan	(127,611)	(6,904)	(514,602)	-
Proceeds from short-term loan	-	-	271,840	78,117
Repayment of convertible loan payable	(18,524)	-	(18,524)	25,466
Proceeds from bridge loan	-	131,170	-	131,170
Proceeds from share options exercised	-	1,950	-	1,950
Cash from financing activities	2,684,389	609,629	6,469,614	796,602
Effect of foreign exchange on cash	(6,586)	(352)	(9,815)	(5,023)
Increase in cash	1,114,673	52,216	2,230,856	65,866
Cash, beginning of period	1,142,413	76,861	26,230	63,211
<b>Cash, end of period</b>	<b>2,257,086</b>	<b>129,077</b>	<b>2,257,086</b>	