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ORGANTO FOODS INC.

ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022

May 4, 2023

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INTRODUCTORY NOTES

Cautionary Note Regarding Forward-Looking Statements

This annual information form (**"AIF"**) contains "forward-looking information", 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"). Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "predicts", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information is based on reasonable assumptions that have been made by Organto Foods Inc. as at the date of such information and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Organto Foods Inc. to be materially different from those expressed or implied by such forward-looking information, including but not limited to: the impact of general business and economic conditions; dependence on suppliers, partners and contractual counter-parties; cost increases; changes in the business or prospects of Organto Foods Inc.; unforeseen circumstances; risks associated with the organic produce and foods business generally, including inclement weather, unfavorable 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; stock market volatility; competition; as well as those factors discussed in the section entitled "Description of the Business – Risk Factors" in this AIF.

Although Organto Foods Inc. has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Organto Foods Inc. does not undertake to update any forward-looking information that is incorporated by reference herein, except in accordance with applicable securities laws.

Currency

All dollar amounts in this AIF are expressed in Canadian dollars unless otherwise indicated.

CORPORATE STRUCTURE

Name, Address and Incorporation

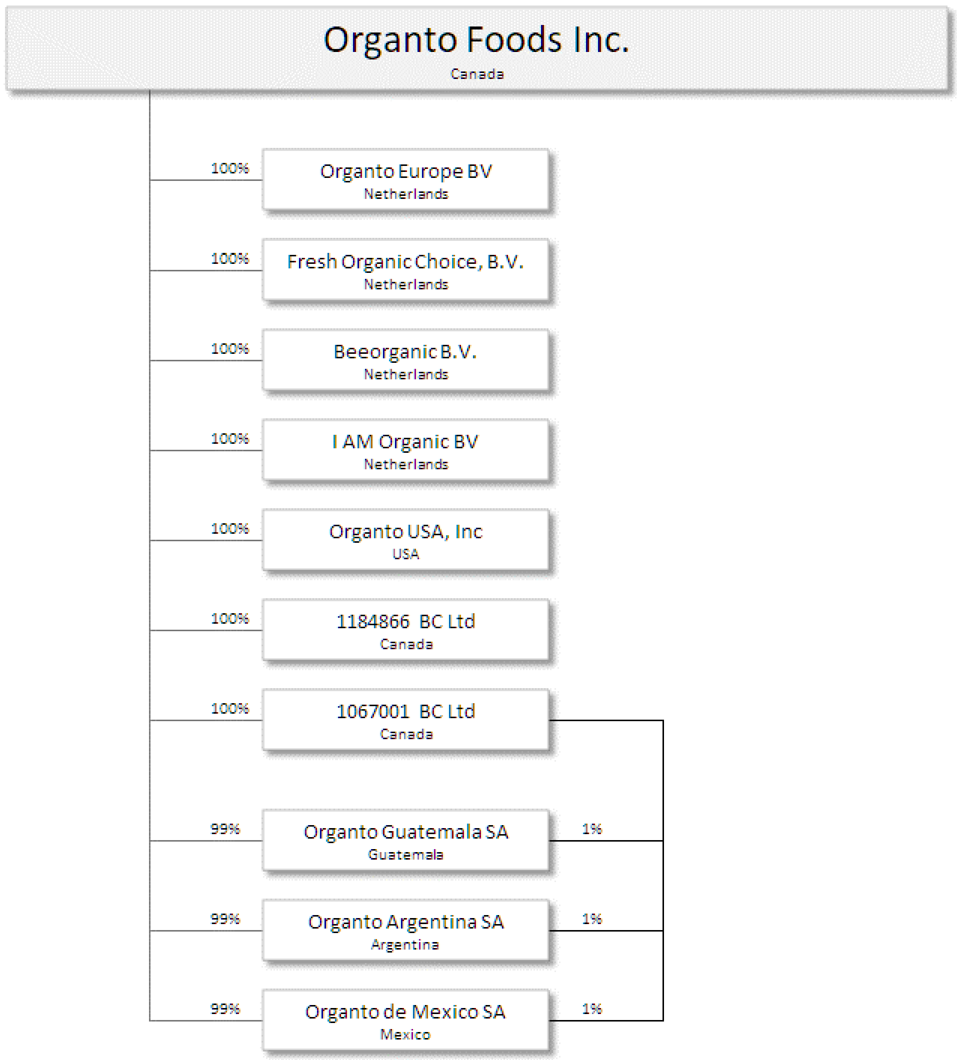
Organto Foods Inc. ("**Organto**" or "the **Company**") is engaged in the sourcing, processing, packaging, distribution, and marketing of organic and non-genetically modified ("**non-GMO**") fresh organic value-added vegetable and fruit products. The Company's common shares are listed for trading on the TSX Venture Exchange ("**TSXV**") under the stock symbol "OGO", on the OTCQB in the United States under the stock symbol "OGOFF" and on the Frankfurt Stock Exchange under the symbol "OGF".

Incorporated on May 18, 2007 under the laws of the Province of British Columbia, Canada, and previously known as Columbus Exploration Corporation ("**Columbus Exploration**"), Organto was formed upon the completion of a reverse takeover of Columbus Exploration by Agricola Nuova Terra Guatemala S.A. ("**Agricola**") on November 30, 2015, whereby Agricola became a wholly-owned subsidiary of Organto. For the purposes of these consolidated financial statements, the "Company" is defined as Organto and its subsidiaries.

Organto's head office is located at 36 Toronto Street, Suite 805, Toronto, Ontario, M5C 2C5. The Company has a sales and administration office in Breda, the Netherlands and regional satellite offices are located in the Netherlands, Mexico, Guatemala and Argentina. Organto's registered and records office is located at 1500-1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

Intercorporate Relationships

The following chart describes the intercorporate relationships amongst Organto's subsidiaries, and the percentage of voting securities held by Organto, either directly or indirectly and the jurisdiction of incorporation, formation, continuation or organization of each subsidiary:



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Introduction

On November 30, 2015, Agricola, a privately-owned business focused on the production and distribution of value-added branded organic vegetables completed a reverse takeover (the "**RTO**") of Columbus Exploration and upon completion of the RTO, Columbus Exploration changed its name to Organto Foods

Inc., and Agricola became a wholly-owned subsidiary of Organto Foods Inc. On March 21, 2016, Agricola changed its name to Organto Guatemala, Sociedad Anonima.

Organto initially operated its own growing operations in both Guatemala and Argentina, processing operations in Guatemala and packaging operations in the Netherlands but exited these operations in order to focus on working with strategic third-party growers and service providers in Europe, North and South America, Africa and other growing regions. Initially Organto's product offering was limited to a single revenue stream of high-value branded organic vegetables with a focus on selling into European markets.

Throughout 2018 and into 2019, Organto repositioned its foods platform shifting from an asset heavy, single revenue stream business model to an asset light, multi-stream business model. To do so, it wound down its growing operations, sold its processing facilities in Guatemala and closed its packaging operations in the Netherlands, moved to strategic sourcing arrangements with growers in Europe, North and South America and Africa and entered into third party processing and packaging arrangements with globally positioned strategic partners. This allowed the Company to streamline its cost base and expand its product offering from only a limited selection of high-value branded organic vegetables to include other value-added organic and non-GMO fruits and vegetables in bulk, private label and branded formats. Organto offers its branded products under the "I AM Organic" trademark utilizing its proprietary digital passport technology. Organto also offers non-GMO products under its =Awesome Fruits® brand. Organto continues to pursue new strategic supply sources around the globe in order to secure year-round supply of its core product offerings and also to add new complimentary products to its existing portfolio. The expanded product portfolio is currently being sold in European markets.

With the repositioning essentially completed late in the first half of 2019, commercial operations ramped up in the second half with third and fourth quarter revenues and gross profits both quarterly records for the Company. This momentum continued in 2020, 2021 and 2022 with new quarterly revenue records realized in each subsequent quarter versus the same quarter in the prior year, currency adjusted. Organto has now realized 14 consecutive quarters of record revenue growth versus the same quarter in the prior year.

In November 2018 Organto purchased Medicannabis, SAS, a privately held Colombian medicinal cannabis company that was a late-stage applicant to enable it to cultivate and process cannabis in Colombia. Following a review of its strategic focus, including an assessment of market opportunities in organic fruit and vegetable products, Organto made the decision to divest of its cannabis assets and focus on its organic foods platform. In June 2019 Organto entered into a share purchase agreement to sell its shares of Medicannabis SAS and related intellectual property to Xebra Brands Ltd. ("**Xebra**") for a combination of shares of Xebra, cash and forgiveness of debt. Xebra is an emerging, privately held Canadian cannabis company developing high-margin cannabis-based consumer products, with certain growing and processing licenses in the industrial cannabis sector in Mexico. Xebra's common shares were listed on the Canadian Securities Exchange in October 2021 under the trading symbol XBRA.

Fiscal Year ended December 31, 2020

Organto's sales continued to grow in 2020 as it expanded its supply sources and customer base in response to growing demand for fresh organic fruit and vegetable products. Organto had sales in 13 countries in Europe, with product sourced from four continents including Europe, North and South America, and Africa. Organto continued to build an ethics-driven one-stop shop in fresh organic and specialty fruits and vegetables, and prepared for the rollout of its "I AM Organic" branded retail product offering in 2021.

Organto continued to realize record quarterly revenues. Fourth quarter revenues were $4.9 million, an increase of over 200% versus the fourth quarter of the prior year. Third quarter revenues were $2.7 million, an increase of over 40% versus the third quarter of 2019 and the first and second quarters of 2020 saw increases of 3,365% and 1,129% over their respective quarters in 2019.

In late 2020 Organto signed a letter of intent to acquire Fresh Organic Choice BV ("**FORC**"), a privately held Dutch corporation, representing the company's first acquisition under its multifaceted growth strategy. FORC provides a wide range of fresh-cut organic herbs and other vegetable products, marketed under the Fresh Organic Choice brand and private label to customers throughout Europe. FORC employs a strategic asset-light business model, with sourcing from a diverse group of European and African sources. The acquisition was completed in January 2021.

Organto raised over $5.6 million in 2020 from two private placements of convertible debentures and one private placement of common shares. Organto received an additional US$500,000 in June 2020 when its revolving line of credit in Mexico was increased from US$500,000 to US$1,000,000. These borrowed amounts were repaid and a new credit facility of US$750,000 was established in the fourth quarter. In the first part of 2020, Organto received proceeds of $509,000 by issuing short-term loans and in the latter part of the year at total of $777,000 of short-term loans was repaid. In addition, proceeds of $465,000 were received from the exercise of warrants in the fourth quarter.

In 2020, a total of 78.6 million common shares were issued: 30.1 million from the private placement of common shares; 1.0 million in shares for debt settlements; 7.1 million on the exercise of warrants; and 40.4 million on the conversion of convertible debentures.

Fiscal Year ended December 31, 2021

Organto's sales grew further in 2021 as it continued to expand its supply sources and customer base in response to growing demand for fresh organic and non-GMO fruits and vegetables. Organto had sales in 18 countries in Europe, with product sourced from five continents including Europe, North and South America, Africa and Asia. Organto continued to build an ethics-driven one-stop shop in fresh organic, non-GMO and specialty fruit and vegetable products, and launched its "I AM Organic" branded retail product offering early in the fourth quarter.

Organto continued to realize record quarterly revenues. Fourth quarter revenues were $5.1 million, an increase of 3% versus the fourth quarter of the prior year. Third quarter revenues were $4.3 million, an increase of 57% versus the third quarter of 2020 and the first and second quarters of 2021 saw increases of 196% and 148% over their respective quarters in 2020. For fiscal 2021, consolidated revenues increased 71% versus 2020.

In January 2021 Organto closed its acquisition of FORC, representing the company's first acquisition under its multifaceted growth strategy.

In November 2021 Organto acquired Beeorganic BV ("**Beeorganic**"), a privately held Dutch corporation. Beeorganic is a year-round provider of fresh organic and organic fairtrade bananas with sales in the Netherlands, Belgium, Denmark, Germany, and France. Beeorganic offers a differentiated product offering, combining specific product size specifications with a unique ripening process to deliver great-tasting products to its customers. Similar to Organto, Beeorganic operates an asset-light business model, with its products sourced primarily from strategic Caribbean-based grower partners.

Also, in November 2021 Organto acquired the operating assets, including customer and supplier relationships and certain trademark applications, of ZMS BV, a privately held Dutch corporation controlled by Rients van der Wal, Organto's co-CEO and another senior member of Organto's European management team. ZMS sells non-GMO and organic raspberries, snow peas, sugar snaps and fine green beans, sourced from a number of African-based growing regions to a variety of European customers.

In June 2021 Organto sold its Medicannabis ROFR to distribute Xebra products in Europe which was granted as part of the sales of Medicannabis SAS to Xebra, back to Xebra for 200,000 shares of Xebra. Organto valued these shares at $0.17 which was an estimate of their fair value and recorded a gain of $34,000. In December 2021 Organto sold just over half of their shares of Xebra for proceeds of $459,000 and a realized loss of $141,000. The sale of the shares of Xebra aligned with Organto's strategy to focus on its core organic and non-GMO foods platform.

Organto raised over $13 million in net proceeds in 2021 from the private placement of common shares and the public offering of convertible debentures. Organto also received approximately $1.2 million from the exercise of warrants and $55,000 from the exercise of stock options. Organto repaid the remaining $296,000 of short-term loans and paid $246,000 in interest to holders of its debentures and short-term loans.

During 2021 a total of 39.6 million common shares were issued: 18.6 million from the private placement; 0.5 million on the exercise of stock options; 11.7 million on the exercise of warrants; 6.1 million on the conversion of convertible debentures; 0.8 million as part of the consideration paid for the acquisition of Fresh Organic Choice; and 2.0 million as payment of a 2020 signing bonus to certain officers. In January 2021 the Company completed the documentation related to the 2019 sale of the Company's former processing assets located in Guatemala and 5.9 million common shares were cancelled. Part of the proceeds from the sale of these processing assets included the cancellation and return to treasury of these common shares to the Company.

Fiscal Year ended December 31, 2022

Organto's sales continued to grow in 2022 despite significant macroeconomic challenges which impacted the industry and Organto's business including a rapid increase in inflation, continued supply chain challenges, increased volatility in foreign exchange rates, the lingering effects of the global COVID-19 pandemic, and the Russia/Ukraine war, all of which impacted our customer base, supply chains, and costs.

Organto continued to realize record quarterly revenues. Fourth quarter revenues were $5.5 million, an increase of 11% versus the fourth quarter of the prior year on a currency adjusted basis. Third quarter revenues were $4.5 million, an increase of 18% versus the third quarter of 2021 on a currency adjusted basis, and the first and second quarters of 2022 saw increases of 58% and 4% over their respective quarters in 2021 on a currency adjusted basis. For fiscal 2022, consolidated revenues increased 25% versus 2021 on a currency adjusted basis.

In February 2022 the Company entered into a hedging facility with a European financial services company in order to hedge its exposure to fluctuations in the US dollar vs Euro exchange rate. The facility was for forward currency exchange contracts, up to a maximum of US$4 million. In December 2022 this facility was increased to a maximum of US$14 million.

In December 2022 Organto announced the upcoming acquisition of the New Fruit Group ("NFG"), a private German corporation operating since 2019 with sales and marketing offices in Germany and Italy. NFG's core focus is on organic and non-GMO banana, avocado and mango. NFG is a fully certified organic products supplier with a European sales focus and a strong existing retail customer base in Germany, Italy, France and Denmark. NFG has global supply relationships with established grower partners in the Caribbean, South America and Africa and a leadership team with extensive global organic fruit and vegetable experience. The acquisition closed in early January 2023 and Organto's plan is to utilize

Organto's infrastructure, broad product portfolio, and branded “I AM Organic” product and proprietary digital passport capabilities to further expand NFG’s sales.

$2,793850 of 8% convertible debentures matured in December 2022. $1,655,850 of these were repaid by issuing new 10% debentures maturing in December 2024. The remaining $1,138,000 plus $310,000 of debentures which matured in early January 2021, were repaid in cash in January 2023 together with $264,308 of accrued interest.

During 2022 a total of 4.8 million common shares were issued: 1.5 million on the exercise of stock options; 0.1 million on the exercise of warrants; 1.6 million as part of the consideration paid for the acquisition of operating assets of ZMS; and 1.6 million as part of the consideration paid for the acquisition of Beeorganic.

Significant Acquisitions

In January 2021 Organto acquired 100% of the outstanding shares of Fresh Organic Choice BV, a privately held Dutch corporation. Fresh Organic Choice is a provider of a full range of year-round fresh-cut organic herbs utilizing an asset-light business model, marketed under the Fresh Organic Choice brand and in private label formats, with sales throughout Europe. Fresh Organic Choice's fresh-cut packaged herbs portfolio includes mint, oregano, basil, chives, parsley, dill, thyme, rosemary, sage, tarragon and others herb and vegetable products, which are sold in a wide range of branded package formats. Product is sourced primarily from strategic local growers in the Netherlands, Germany, Spain, Italy, France, and Portugal. Fresh Organic Choice had annualized revenues of approximately $2 million prior to the acquisition, with strong growth projected in the future. The acquisition of Fresh Organic Choice is expected to be both gross margin and EBITDA accretive (earnings before interest, taxes, depreciation, and amortization) to Organto. Purchase consideration included the payment of 150,000 euros in cash, the issuance of 839,570 common shares of Organto and an earn-out to the former owner of up to 100,000 euros based on pre-established growth targets to be attained over the three years following the acquisition. The common shares are subject to escrow provisions and will become freely tradable in equal amounts over three years.

In November 2021 Organto acquired 100% of the outstanding shares of Beeorganic BV, a privately held Dutch corporation. Beeorganic is a year-round provider of fresh organic and organic fairtrade bananas with sales in the Netherlands, Belgium, Denmark, Germany, and France. Beeorganic offers a differentiated product offering, combining specific product size specifications with a unique ripening process to deliver great-tasting products to its customers. Similar to Organto, Beeorganic operates an asset-light business model, with its products sourced primarily from strategic Caribbean-based grower partners. One of the founders of Beeorganic has joined Organto and is leading the development of Beeorganic’s business portfolio, leveraging Organto's existing resources and value-added marketing platform. Purchase consideration included the payment of 600,000 euros in cash, the issuance of 1,579,670 common shares of Organto and an earn out of up to 150,000 euros based on pre-established growth targets to be attained over a three-year period. The common shares issued are subject to escrow provisions and become freely tradable in equal amounts over three years following the acquisition.

In November 2021 Organto acquired the operating assets, including customer and supplier relationships and certain trademark applications, of ZMS BV, a privately held Dutch corporation controlled by Organto’s co-CEO and another senior member of Organto's European management team. ZMS sells non-GMO and organic raspberries, snow peas, sugar snaps and fine green beans sourced from a number of African-based growing regions to a variety of European customers. Purchase consideration was made up of the issuance of 1,645,643 common shares of Organto which are subject to escrow provisions and will become freely tradable in equal amounts over the three years following acquisition.

In December 2022 Organto announced the acquisition of 100% of the outstanding shares of the New Fruit Group GmbH ("NFG") a private German corporation operating since 2019 with sales and marketing offices in Germany and Italy. The transaction closed in January 2023. NFG's core focus is on organic, organic fairtrade and non-GMO banana, avocado and mango. NFG is a fully certified organic products supplier with a European sales focus and a strong existing retail customer base in Germany, Italy, France and Denmark. NFG has global supply relationships with established grower partners in the Caribbean, South America and Africa and a leadership team with extensive global organic fruit and vegetable experience. Organto believes there are opportunities to leverage Organto's infrastructure, broad product portfolio, and branded "I AM Organic" product and proprietary digital passport capabilities to further expand NFG's sales. Purchase consideration included €250,000 in cash, 2,250,000 common shares of Organto which will become freely tradeable equally over 5 years and a note payable of €400,000, subject to certain post-closing conditions, with an interest rate of 2%, payable equally over three years based on certain conditions. In addition, the former owners will be eligible for an earn-out of up to €650,000 based on pre-established growth targets to be attained over a three-year period.

Organto has not filed a Form 51-102F4 on SEDAR for any of the four acquisitions mentioned above as it is not required to do so under Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*.

DESCRIPTION OF THE BUSINESS

General

Organto is engaged in the sourcing, processing, packaging, distribution and marketing of fresh organic, non-GMO and value-added fruit and vegetable products.

Sales of individual products vary from year to year based primarily on available supply. Sales for the three most recently completed financial years were:

	2022		**2021**		**2020**	
	$	**%**	**$**	**%**	**$**	**%**
Avocado	9,106,000	38	9,170,000	47	6,992,000	61
Bananas	5,894,000	25	610,000	3	-	-
Herbs	2,432,000	13	3,041,000	16	-	-
Asparagus	1,775,000	8	1,106,000	6	1,449,000	13
Ginger	1,778,000	8	2,219,000	11	1,194,000	10
Other	1,139,000	8	3,172,000	17	1,464,000	13
	22,124,000	**100**	**19,519,000**	**100**	**11,448,000**	**100**

Sales in 2022, 2021 and 2020 were made to retailers and distributors and were sold as either distributed bulk products, as private label retailer brands or under the Company's "I AM Organic" brand. The Company's "I AM Organic" brand was launched at the beginning of the fourth quarter of 2021 to penetrate markets in the retail, on-line retail and convenience channels.

Production and Services

The food products sold by Organto are sourced from strategic growers throughout the world. In order to ensure year-round supply and avoid localized production difficulties, products are sourced from multiple sources in different regions. This also reduces Organto's reliance on specific suppliers. Products are shipped from the growing regions to Organto's processing partners in Europe where they are inspected for quality, repackaged as required and then forwarded to Organto's customers. Any products sold under Organto's brand are processed and specially packaged by processing partners before being sent to a broad range of customers.

Specialized Skill and Knowledge

Organto requires specialized skill and knowledge to conduct its operations. In order to be successful in the organic and non-GMO foods industry, Organto requires its personnel to possess a very high level of product knowledge, technological sophistication and industry experience. Many of the officers and directors of Organto are industry professionals and Organto continues to add significant food industry experience and depth to its operations and management teams, as well as to its Board of directors as it executes on its business and strategic growth plan and to establish governance processes to support the organization.

Competitive Conditions

Russia's war of aggression against Ukraine continues to negatively affect the EU economy, setting it on a path of lower growth and higher inflation. As inflation keeps cutting into households' disposable incomes, the contraction of economic activity is likely to continue. This might have an adverse effect on organic fruit and vegetables, as they are priced higher than conventional fruits and vegetables. However, people around the globe are presently also more focused on healthier diets, with more fruit and vegetable inclusion. Moreover, the interest in wellness and immunity has spiked in recent years, especially during the pandemic, leading to expected higher demand for organic fruits and vegetables in the market.

Demand for organic food is growing fast. In 2021, the global organic food market was valued at $227 billion. The largest markets for organic food are the United States, Germany, and France. In 2020, the organic food market of the European Union reached 52 billion euros. The highest markets for organic food per capita consumption are in Denmark, Sweden, and Switzerland. 76% of Americans who buy organic foods say they did it to get healthier foods. 33% of Americans who buy organic foods say they did it to help the environment. The European market was projected to grow at a CAGR (Compound Annual Growth Rate) of 8.34% between 2020 and 2025 but the coronavirus pandemic may have accelerated this trend still further, as consumers look to boost their personal immunity through safer, more nutritious foods.

The strong growth in the sale of organic foods is being driven by consumer focus on food safety, human health, animal welfare and environmental concerns alongside with sensory attributes such as taste, freshness and appearance.

The Euromonitor 2022 Health and Nutrition survey reports that the strongest motivations for consumers to choose organic products still mainly revolve around health benefits. However, in the recent year the only motivations that grew in popularity are those relating to food safety and environmental concerns. This direction of consumer reasoning implies a more holistic understanding about organic; it is perceived to provide personal benefits, as well as addressing some global concerns. According to the recent survey, the most stable organic consumer group in the context of recent economic uncertainty is the age group 30-44, as this group is usually more economically established due to peaking careers; also, their preference for food items to be organic is the strongest since 2019.

Nowadays, consumers are increasingly paying attention to transparency, ingredients lists, packaging, etc. Thus, the organic claim can no longer stand in isolation; instead, it should address the conscious, fast-paced consumer base with products that integrate value-added qualities and clearly communicate those benefits. Clean label, functionality, and product origin are a few important attributes on the list of consumer food preferences that could be considered when drafting new organic product concepts.

According to the Organic Fruits & Vegetables Market Analysis, the organic fruits and vegetables market is projected to register a CAGR of 6.9% over the forecast period. The increase in consumer awareness about healthy diets, along with changing lifestyles and food habits, is expected to support the growth of the organic fruits and vegetables market in the coming years. The working population around the world is struggling to fulfill the daily nutrient requirements owing to hectic work schedules. This is increasing their dependency on organic fruits and vegetables that help provide useful nutrients, such as iron, vitamin C, phosphorus, and magnesium. Moreover, the increase in investments by small and mid-sized food product manufacturing companies to offer more healthy products to consumers will further support the growth of the market. However, the high price of products with organic labels on fruits and vegetables, combined with unclear regulatory guidelines, may stymie market growth.

Organto's sales are concentrated in the European market and the organic market in Europe continues to grow. In 2016 the market increased by approximately 11% and reached approximately Euro 33.5 billion, in 2017 it grew another 11%, reaching approximately Euro 37.3 billion in 2018 another 8% to Euro 40.7 billion, another 8% in 2019 to Euro 45.0 billion, and in 2020 it also grew another 15% to Euro 52.0 billion, of which Euro 44.8 billion were in the European Union. In fact, retail sales of organic products in the European Union have grown from Euro 18 billion in 2009 to Euro 44.8 billion in 2020, an increase of approximately 149%. Today the European Union is the second largest market for organic products behind only the United States. Globally European countries account for the highest share of organic food sales as a percentage of total food sales, with demand for organic foods increasing around the globe.

A sustainable food system is at the heart of the European Green Deal. Under the Green Deal plan, the European Union hopes to stimulate organic farming in the European Union, which is believed to hold great potential for farmers and consumers alike. The benefits of organic farming are associated with its positive impact on biodiversity and higher returns for the farmers, combined with growing interest from the consumers who recognise its value. The European Union has set a target to have at least 25% of European agricultural land under organic farming by 2030, aims to stimulate supply and demand of organic products and ensure consumer's trust through promotion activities and green public procurement.

The Green Deal is organised around three key strategies: to stimulate demand for organic products while maintaining consumer trust; to encourage the increase of organic farming area in production in the EU, and finally, to enhance the role of organic production in the fight against climate change, including sustainable resource management and the protection of biodiversity.

As an experienced and established provider of organic fruit and vegetable products, Organto believes it is well positioned to capitalize on the increased demand for organic products being promoted by the European

Union and that it will be an attractive partner to European growers looking to market their new or expanded organic production and retailers looking to expand their organic product offering.

New Products

Organto has developed a multi-faceted branded products portfolio and strategy and is working to expand sales of its "I AM Organic" branded products to retailers throughout Europe and beyond. In addition, Organto expects to continue to add new organic fruit and vegetable product offerings to its product portfolio as supply sources are expanded around the globe. In addition to new sources of supply, Organto intends to expand its product portfolio by adding further value-added product offerings leveraging its sourcing and supply capabilities.

Components

Organto's products are sourced from around the world, following the sun. While sales volumes and values of individual products vary from year to year based on available supply, by sourcing from different geographic regions, supply difficulties concentrated in one region may be mitigated by sourcing from a different region. By having supply agreements with multiple growers, disruptions to overall supply can be minimized as other growers are available to fill the void created if a grower is experiencing difficulties supplying products to Organto.

The selling prices of Organto's distributed (bulk) products are determined by market conditions at the time of sale. Growers are aware of the ultimate selling price of their products through this channel and consider this when doing business with Organto. The risk to Organto from selling a product is mitigated by analysing market pricing and supply trends. If this analysis proves unfavourable to Organto, that product is not purchased or volumes are reduced. Certain of Organto's products are purchased based on fixed purchase price commitments, and these are offset with fixed selling commitments to the extent possible. When this exits and the purchase and sales commitments are in different currencies, the purchase currency is hedged where possible. Organto does not have material agreements with growers that force Organto to purchase minimum quantities for distributed products. In certain circumstances the reward from selling distributed products is shared with the grower as the cost to Organto of some products is dependent on the final sales value realized for these products.

The selling prices for Organto's private label and branded products are determined by assessing a variety of factors including the incremental commercial value versus distributed (bulk) products, margin expectations of retailers and the cost to get the product to market. Organto will commit to selling prices for a period of time based on expected costs from growers and logistics providers during that period.

Intangible Properties

Organto holds trademarks for its "I AM Organic" brand of products in Europe and has applied for registration in a number of other regions, and also holds the trademark for =Awesome Fruits.

Cycles

The production of organic and non-GMO fruits and vegetables can be cyclical depending on its growing characteristics. Seasonal availability of products is mitigated by sourcing these products from multiple growers in different parts of the world. While consumption of organic and non-GMO fruits and vegetables by consumers is fairly consistent throughout the year, holiday seasons such as Christmas, Easter and Thanksgiving normally have a positive impact ono volumes consumed. In addition, local supplies of certain organic fruits and vegetables will negatively impact demand for imported alternatives during the local supply seasons. This primarily impacts Organto's business in the European summer season – June through August.

Economic Dependence

Organto currently sells to over 170 active customers in 21 countries in Europe and is not dependent on doing business with any one customer. Organto sources its products from suppliers around the globe and does not believe it is dependent on the supply of any product from any one supplier.

Changes to Contracts

Organto is not a party to any contract or agreement which if cancelled or materially changed, would have a significant impact on Organto's business.

Environmental Protection

The supply of Organto's organic products is not expected to be impacted by any environmental protection requirements placed upon its grower partners and Organto is not aware of any existing or proposed requirements at this time that could impact the growing of conventional and transitioning products.

Employees

Organto has approximately 40 full- and part-time employees, contractors and agents in Europe, Latin America and Canada, and also uses consultants or contract personnel to perform various tasks from time to time in order to minimize Organto's costs.

Foreign Operations

Organto's operations are currently centered in Europe and carried out by Organto Europe BV, Fresh Organic Choice, Beeorganic and New Fruit Group, all of which are 100% owned subsidiaries of Organto. Staff in Europe are responsible for the purchase and sale of Organto's products with some assistance with sourcing of products from staff in other regions.

Social or Environmental Policies

Organto is an innovative, fast growing global provider of fresh organic and non-GMO fruit and vegetable products focused on serving socially responsible and health-conscious consumer markets around the globe. Organto leverages its in-depth markets knowledge and supply chain expertise to link growers to markets to ensure year-round supply of organic fruit and vegetable products that can be traced back to the source.

Organto offers a wide range of branded "I AM Organic" products, concepts and tailor-made private label propositions to meet these needs via an integrated asset light model with diverse sourcing, logistics, processing, marketing and distribution capabilities. Organto works hand in hand with its valued strategic growers and supply chain partners to control and monitor each step in the process, delivering quality product with transparency to its valued customers.

Organto uses geographically diverse grower partners and growing regions including Europe, North and South America, Africa and Asia with the goal of providing reliable year-round supply of key products categories.

Organto believes its asset-light business model best leverages its expertise and provides for exceptional flexibility and scalability. Together with its strategic growers and supply chain partners Organto brings healthy and organic fruit and vegetable products to its valued customers.

Risk Factors

Organto's business, operations and financial condition are subject to various risks and uncertainties. Prior to making an investment decision, investors should consider the risks and uncertainties set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business engaged in the global production and distribution of fruit and vegetable products. We believe the risks set out below to be the most significant to potential investors, but do not represent all of the risks associated with an investment in securities of our Company. If any of the identified risks materialize or other additional risks and uncertainties of which we are currently unaware materialize, our assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects are likely to be materially and adversely affected. These risk factors should be read in conjunction with other information in this report and in other documents that we file from time to time.

Risks Related to Our Business

We have limited operating history and may incur further losses until our operating platform achieves scale.

We began business in late 2015 and since that time we have built out our operating platform and generated approximately $62.7 million in revenues and operating losses of approximately $45.4 million. We are subject to many of the risks common to early-stage enterprises, including costs associated with building out an operating platform prior to volumes and margins coming to scale, undercapitalization, cash shortages, and limitations with respect to personnel, financial, and other resources. There is no assurance that we will be successful in establishing a long-term customer base, that consumers will continue to purchase our products, that our branded product launches will be successful, or that we will be able to generate revenues and margins sufficient to cover our operating costs. Our ability to achieve a return on shareholders' investment and the likelihood of its success must be considered in light of the company's early stage of operations.

There is risk in our ability to continue as a going concern due to losses incurred as we have built out our operating platform combined with risk in our working capital position and our accumulated deficit, all of which could impact our ability to continue operations.

Our independent auditors have added an explanatory paragraph to their audit opinion issued in connection with our financial statements for the years ended December 31, 2015, through December 31, 2022 with respect to our ability to continue as a going concern. While we believe that we are well positioned to execute our business plan for the coming year, additional financing may be required to may be required in order to continue operations.

We may not be able to secure financing required to meet future capital needs to continue operations.

If we experience unforeseen difficulties in carrying out business, we may require additional capital to fulfill our contractual obligations and continue development of our product offerings and global operating platform, through either equity or debt financing. Due to business specific or general economic conditions, we may be unable to secure debt or equity financing on terms acceptable to the Company, or at all, at the time when we need such funding. Our inability to raise additional funds on a timely basis would make it difficult to achieve our business objectives and would have a negative impact on our business, financial condition and results of operations.

Additional financing may dilute common shareholders or place restrictions on our operations.

If we raise funds by issuing additional equity or convertible debt securities, the ownership percentages of existing stockholders would be reduced, and the securities that we issue may have rights, preferences or privileges senior to those of the holders of our common stock or may be issued at a discount to the market price of our common stock which would result in dilution to our existing stockholders. If we raise additional funds by issuing debt, the Company may be subject to debt covenants, which could place limitations on our operations including our ability to declare and pay dividends.

We operate in a competitive global food industry and the actions of competitors could impact revenues and profitability.

The agricultural produce industry is intensely competitive in all of its phases. We compete with other companies, some of whom have greater financial resources, larger facilities, more capacity, higher staffing levels, greater economies of scale, pricing advantages, longer operating histories and more established market presences. We may have little or no control over some or all of these competitive factors. If we are unable to effectively respond to these competitive factors, or if the competition in our product markets results in price reductions or decreased demand for our products, our business, results of operations and financial condition may be materially impacted.

We are focusing our business on the procurement packing, distribution and marketing of value-added and branded fresh organic and non-GMO fruit and vegetable products grown in strategic geographies that will provide us with year-round supply capabilities. As a result of changing consumer preferences and awareness, we believe there is increased demand for organic produce over conventional produce which we believe will be positive for us. Even so, we expect to face competition from new entrants to the organic produce market wanting to participate in this growing category. Our ability to remain competitive will depend to a great extent on our ability to grow our customer base, build our brand, maintain competitive pricing levels, attract strategic third-party growers to cost-effectively supply our operations, manage transportation and delivery logistics, and effectively market our products to our customers. There can be no assurance that we will have sufficient resources to compete successfully with our current or future competitors in these areas, which could have a material adverse effect on our business plan and results of operations.

We must attract and retain key personnel and professionals to achieve our business objectives.

Our success will be largely dependent upon the performance of our management, key employees and professionals. We must compete with other companies both within and outside the food industry to recruit and retain competent employees and contract resources. If we cannot attract and maintain qualified resources to meet our business needs, this could have a material adverse effect on our business. In addition, the Company does not have key man insurance policies and therefore there is a risk that the death or departure of any existing member of management or any key employee or professional could also have a material adverse effect on the Company.

Our customers generally are not obligated to continue purchasing products from us.

Many of our customers buy from us under purchase orders, and we generally do not have long-term agreements with or commitments from these customers for the purchase of our products. We cannot provide assurance that our customers will maintain or increase their sales volumes or orders for the products supplied by us or that we will be able to maintain or add to our existing customer base. Decreases in our customers' sales volumes or orders for products supplied by us may have a material adverse effect on our business, financial condition or results of operations.

Consumer food preferences are difficult to predict and may change.

Our success depends, in part, on our ability and our customers' ability to offer products that anticipate the tastes and dietary habits of consumers and appeal to their preferences on a timely and affordable basis. A significant shift in consumer demand away from our products or a failure to maintain our current market position, could reduce our sales and harm our business. Consumer trends change based on a number of factors, including nutritional values, a change in consumer preferences or general economic conditions. Additionally, there is a growing focus among some consumers to buy local food products in an attempt to reduce the carbon footprint associated with transporting food products from longer distances, which could result in a decrease in the demand for food products that we import from remote growing regions and processing locations. Further, failures by us or our competitors to deliver quality products could erode consumer trust in the organic certification of foods. These changes could lead to, among other things, reduced demand and price decreases, which could have a material adverse effect on our business, financial condition or results of operations.

If we do not manage our supply chain effectively, our operating results may be adversely affected.

Our supply chain is complex and subject to a number of risks. We do not directly operate our own growing and processing operations but instead rely on a number of third-party suppliers for the growing, processing, packaging and delivery of certain of our products. Our inability to effectively manage our supply chain could cause our operating costs to rise and our margins to fall. In addition, potential adverse weather conditions and natural disasters add another layer of risk to our supply chain. We must continuously monitor our inventory and product mix against forecasted demand or risk having inadequate supplies to meet customer demand as well as having too much inventory that could reach its expiration date. If we are unable to manage our supply chain efficiently and ensure that our products are available to meet customer demand, our operating costs could increase and our margins could fall.

Adverse weather conditions and/or natural disasters could impact costs and availability of our products.

Raw materials for our products are vulnerable to adverse weather conditions and natural disasters, including windstorms, hurricanes, earthquakes, floods, droughts, fires, and temperature and precipitation extremes, some of which are common but difficult to predict, as well as crop disease and infestation. Severe weather conditions may occur with higher frequency or may be less predictable in the future due to the effects of climate change. Unfavorable growing conditions could reduce both crop size and quality. In extreme cases, entire harvests may be lost in some geographic areas. Adverse weather conditions or natural disasters may adversely affect our supply of one or more of our products or prevent or impair our ability to ship products as planned. These factors can increase product acquisition costs, decrease our sales volumes and revenues, and lead to additional charges to earnings, which may have a material adverse effect on our business, financial condition and results of operations.

We are subject to transportation risks.

An extended interruption in our ability to ship our products or disruption in the distribution of our products could have a material adverse effect on our business, financial condition and results of operations. While we believe we are adequately insured and would attempt to transport our products by alternative means (from both supply sources and to our customers) if we were to experience a disruption, we cannot be sure that we would be able to do so or be successful in doing so in a timely and cost-effective manner.

Volatility in the prices of raw materials, packaging and freight, fuel and energy could increase our cost of sales and reduce gross margin.

Raw materials represent a significant portion of our cost of sales. Our cost to purchase raw materials can fluctuate depending on many factors including weather patterns, economic and political conditions, inflation and pricing volatility. In addition, we must compete at times for certain raw materials and inputs with competitors having greater resources than we have. If our input costs increase due to any of the above factors, we may not be able to pass along the increased costs to our customers, which could have a material impact on our business, financial condition and results of operations.

We are subject to the risk of product contamination and product liability claims which could adversely affect our results and financial condition.

The sales of our products involve the risk of injury to consumers. Such injuries may result from tampering by unauthorized personnel, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, or residues introduced during the growing, packing, storage, handling or transportation phases. We cannot be sure that consumption of our products will not cause a health-related illness in he future or that we will not be subject to claims or lawsuits relating to such matters. Even if a product liability claim is unsuccessful, the negative publicity surrounding any assertion that our products caused illness or injury could adversely affect our reputation with existing and potential customers and our brand image. In addition, claims or liabilities of this sort might not be covered by our insurance or by any rights of indemnity or contribution that we may have against third parties, including our customers and suppliers. However, we cannot be sure that we will not incur claims or liabilities for which we are not insured or that exceed that amount of our insurance coverage, resulting in significant cash outlays that would materially and adversely affect our results and financial condition.

Loss of a key grower could materially reduce revenues and earnings.

Our relationships with our growers are critical to the success if our business and results of operations. The loss, decrease or cancellation of business with any of our large grower partners could reduce supply of planned supply and/or lead to increased costs of supply from alternative sources, and as a result could materially and adversely affect our business, financial condition and results of operations.

Our international operations expose us to additional risks inherent with the countries where we are doing business.

We operate in various foreign jurisdictions around the world. These international operations expose us to risks inherent in doing business abroad including exposure to local economic conditions, a change in laws and regulations, foreign exchange rate fluctuations and currency controls, the imposition of burdensome tariffs and quotas, investment restrictions or requirements, export and import restrictions, disruptions in our suppliers' or customers' ability to access capital and credit markets, compliance with anti-corruption and anti-bribery laws, compliance with export controls and economic sanctions laws, public health epidemics which have the potential to impact employees and the global economy, and unforeseen events such as natural disasters, terrorism or political and civil unrest. As we continue to expand our business globally, we may have difficulty anticipating and effectively managing these and other risks, thus materially impacting our business, financial condition and results of operations.

Information technology failures could disrupt our operations and negatively impact our business.

In the normal course of business, we rely on information technology systems to process, transmit, and store electronic information that is critical for our business and the operations of our supply chain partners. Information technology systems are also integral to the reporting of our results of operations. Furthermore, a significant portion of the communications between, and storage of personal data of, our personnel, customers, consumers and suppliers depend on information technology. Our information technology systems may be vulnerable to a variety of interruptions beyond our control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers, and other security issues. These events could compromise our confidential information, impede or interrupt our business operations, and may result in other negative consequences, including remediation costs, loss of revenue, litigation and reputational damage.

Our business is subject to numerous environmental and food safety regulations and policies.

Our operations are subject to environmental and food safety regulations and policies in the areas where we operate. Changes in any government laws or regulations applicable to our operations could increase our compliance costs, negatively affect our ability to sell certain products or otherwise adversely affect our results of operations. While we believe we are in compliance with all laws and regulations applicable to our operations, we cannot be assured that we have been, or will at all times be, in compliance with all environmental and food safety requirements, or that we will not incur material costs or liabilities in connection with these requirements. Our failure to comply with any laws, regulations or policies applicable to our business could lead to penalties, loss of our ability to sell certain of our products, possible product recalls and others, any of which could have a material impact on our business, financial condition and results of operations.

The COVID-19 pandemic has significantly impacted worldwide economic conditions and could have a material effect on our business and resulting financial condition.

Our business and financial results may be negatively impacted by the COVID-19 pandemic, including causing significant volatility in customer demand for our products, changes in consumer behavior and preference, disruptions in our global supply chain operations, disruptions to our business expansion plans, limitations on our employee and service provider's ability to work and travel, significant changes in the economic conditions in markets in which we operate and related currency and commodity volatility, and pressure on our liquidity. Despite our efforts to manage these impacts, they also depend on factors beyond our knowledge or control, including the duration and severity of renewed waves of the COVID-19 virus and actions taken to control its spread and mitigate its public health effects. As a result, we cannot reasonably estimate the full impact of the COVID-19 pandemic on our business and financial results, but the impact could be material and last for an extended period of time.

The Russia/Ukraine has had an economic impact on our business and resulting financial condition.

Economic sanctions implemented in 2022 by the European Union and other countries in response to the Russia/Ukraine conflict have had and may continue to have an economic impact on the Company including lost sales, supply dislocation as product normally destined for Russian markets by international suppliers is diverted to alternate markets and increased supply chain costs driven by rising energy costs and freight availability. Any of the foregoing events or other unforeseen consequences could materially adversely affect the Company's business, results of operations, financial condition and/or cash flows.

We may not be able to effectively manage our growth and integrate acquired companies.

We expect our business to grow rapidly via internal growth, and from time to time we may pursue acquisition opportunities that are consistent with our overall growth strategy. Our ability to effectively manage our growth and integrate acquisitions, including our ability to realize potentially available marketing opportunities and cost savings in a timely and efficient manner, will have a direct impact on our future results. We may encounter problems in connection with our growth and integration of any new businesses, such as challenges relating to the following: integration of an acquired company's products into our product mix; the amount of cost savings that may be realized as a result of integrating an acquired product or business; integrating acquired operations that have management teams and company cultures that differ from our own; compatibility of financial control and information systems; and others. If we experience any of these problems in the integration of acquisitions, they could have a material and adverse effect on our business, financial condition or results of operations.

Impairment charges related to long-lived assets or goodwill could adversely affect our business.

As a result of past business acquisitions, a part of our total assets is comprised of intangible assets. We are required to perform impairment tests of long-lived assets and goodwill annually, or at a time when events occur that could affect the value of these assets. We may engage in additional acquisitions, which could result in our recognition of additional long-lived assets and goodwill. If the financial performance of the acquired businesses does not meet our expectations, we could be required to record impairments to long-lived assets or goodwill, which could materially and adversely impact our business, financial condition and results of operations.

Our investment in a cannabis business indirectly exposes us to risks associated with laws and regulations governing cannabis, which are still developing in many parts of the world, and could have an impact on our plans to realize a return on our investment.

Our investment exposure in the cannabis industry is governed by laws and regulations specific to various countries around the world. Many of these laws and regulations are still being developed, and dependent on the outcome of these, our ability to realize a profitable return could be impacted.

<u>Risks Related to Ownership of Our Securities</u>

Our stock price may be volatile, which may impact returns to our shareholders.

From time-to-time stock markets experience extreme price and volume fluctuations, which, when combined with general economic and political conditions, could adversely affect the market price for our securities. In addition, the trading price of our common stock may be volatile and could fluctuate widely in response to many factors, including the following, some of which are beyond our control:

- variations in our operating results;
- changes in expectations of our future financial performance, including financial estimates by securities analysts and investors;
- changes in operating and stock price performance of other companies in our industry;
- additions or departures of key personnel; and
- future sales of our common stock.

Our common shares are thinly traded and our shareholders may be unable to sell at or near ask prices, or at all.

We cannot predict the extent to which an active public market for trading our common stock will be sustained. Our shares have historically been thinly traded meaning that the number of persons interested in purchasing our common shares at or near bid prices at a certain given time may have been relatively small or non-existent.

This situation is attributable to a number of factors, including the fact that we are a smaller company in its development phase which is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community who generate or influence sales volume. Even if our Company came to the attention of such persons, those persons may be reluctant to follow, purchase, or recommend the purchase of shares of an unproven company such as ours until such time as we become more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous trades without an adverse effect on share price. We cannot be assured that a broader or more active public trading market for our common stock will develop or be sustained, or that current trading levels will be sustained.

We do not anticipate paying any cash dividends to our common shareholders and as a result, shareholders may only realize a return when their shares are sold.

We presently do not anticipate that we will pay dividends on any of our common stock in the foreseeable future. If payment of dividends does occur at some point in the future, it would be contingent upon our revenues, earnings and cash flow, if any, capital requirements, and general financial condition. The payment of any common stock dividends will be at the discretion of our Board of Directors. We presently intend to retain all earnings to implement our business plan; accordingly, we do not anticipate the declaration of any dividends for common stock in the foreseeable future.

Our business is subject to changing regulations related to corporate governance and public disclosure that may increase both our costs and the risk of noncompliance.

Because our common stock is publicly traded, we are subject to certain rules and regulations of federal, provincial and financial market exchange entities charged with the protection of investors and the oversight of companies whose securities are publicly traded. These entities have issued requirements and regulations and continue to develop additional regulations and requirements in response to public concerns. Our efforts to comply with these regulations have resulted in, and are likely to continue resulting in, increasing general and administrative expenses. Because new and modified laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices.

DIVIDENDS AND DISTRIBUTIONS

Organto has not paid any cash dividends or distributions since its incorporation. Organto currently intends to retain future earnings, if any, for use in its business and does not anticipate paying dividends on its common shares in the foreseeable future. Any determination to pay any future dividends will remain at the discretion of Organto's board of directors and will be made taking into account its financial condition and other factors deemed relevant by the board. There are no restrictions that prevent Organto from paying dividends or distributions. Organto is limited in its ability to pay dividends on its common shares by generally applicable restrictions under corporate law referred to as "solvency tests".

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The authorized share capital of Organto consists of an unlimited number of common shares. As of May 4, 2023, there are 283,233,826 common shares issued and outstanding. Organto will issue an additional 2,250,000 common shares to the former shareholders of New Fruit Group upon TSXV acceptance. The trading restrictions will be lifted on 450,000 common shares each year beginning on December 13, 2024 and ending on December 13, 2027.

Holders of common shares are entitled to receive notice of any meetings of shareholders of Organto, to attend and to cast one vote per common share at all such meetings. Holders of common shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the common shares entitled to vote in any election of directors may elect all directors standing for election. Holders of common shares are entitled to receive on a pro rata basis any dividends, as and when declared by Organto's board of directors, at its discretion, from funds legally available, therefor and upon the liquidation, dissolution or winding up of Organto are entitled to receive on a pro rata basis the net assets of Organto after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of common shares with respect to dividends or liquidation. The common shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

As part of Organto's private placement of common shares in November 2021, one subscriber was granted a pre-emptive anti-dilutive right to maintain a 5% equity ownership position in the event of future financings by the Company.

Share Options

The following table sets out the number of common shares issuable pursuant to outstanding share options as of the date hereof, along with the exercise price and expiry of the share options.

Number of Share Options	Exercise Price per Share Option	Expiry Date
600,000	$ 0.15	November 29, 2023
2,615,000	0.135	December 12, 2023
60,000	0.08	June 3, 2024
2,600,000	0.07	December 4, 2024
400,000	0.07	April 23, 2025
130,000	0.10	June 15, 2025
750,000	0.10	July 9, 2025
400,000	0.10	September 1, 2025
300,000	0.10	September 8, 2025
200,000	0.10	September 24, 2025
1,000,000	0.10	September 28, 2025
300,000	0.18	December 3, 2025
1,695,000	0.265	December 22, 2025
250,000	0.285	January 13, 2026
450,000	0.285	January 28, 2026
300,000	0.42	February 25, 2026
150,000	0.43	August 19, 2026
3,375,000	0.37	November 25, 2026
1,825,000	0.30	December 16, 2026
150,000	0.35	January 27, 2027
85,000	0.20	September 29, 2027
1,300,000	0.21	December 21, 2027
300,000	0.19	March 23, 2028
19,235,000		

Restricted Share Units

The following table sets out the number of common shares issuable pursuant to outstanding restricted share units as of the date hereof, along with the exercise price and expiry date of the restricted share units.

Number of Restricted Share Units	Exercise Price per Restricted Share Unit	Expiry Date
1,025,000	N/A	January 21, 2024
75,000	N/A	January 28, 2024
75,000	N/A	February 25, 2024
1,300,000	N/A	December 16, 2024
1,300,000	N/A	December 21, 2025
3,775,000		

Warrants

The following table sets out the number of common shares issuable pursuant to outstanding share purchase warrants as of the date hereof, along with the exercise price and expiry date of the warrants.

Number of Warrants	Exercise Price per Warrant	Expiry Date
966,000	0.50	November 30, 2023
184,280	0.30	December 29, 2024
106,600	0.30	February 28, 2025
1,256,880		

Convertible debentures

The following table sets out the number of common shares issuable pursuant to outstanding and contingent convertible debentures as of the date hereof, along with the exercise price and expiry date of the debentures.

Face value of debentures	Conversion Price per debenture	Expiry Date
1,655,850	$ 0.30 (1)	December 29, 2024
500,000	0.30 (2)	December 29, 2024
295,000	0.30 (3)	February 28, 2025
238,000	0.30 (4)	March 28, 2025
8,050,000	0.50 (5)	November 30, 2026
10,738,850		

(1) These debentures are convertible into shares of Organto at $0.30 per share. Interest is not convertible. The holder may convert all or part of the debentures at any time. If at any time after April 30, 2023, the closing price of Organto's common shares as traded on the TSX Venture Exchange is equal to or greater than $0.45 for 10 consecutive trading days or more, Organto may, in its sole discretion, force conversion of the debentures.

(2) These debentures are convertible into shares of Organto at $0.30 per share. Interest is not convertible. The holder may convert all or part of the debentures at any time. If at any time after July 30, 2023, the closing price of Organto's common shares as traded on the TSX Venture Exchange is equal to or greater than $0.45 for 10 consecutive trading days or more, Organto may, in its sole discretion, force conversion of the debentures.

(3) These debentures are convertible into shares of Organto at $0.30 per share. Interest is not convertible. The holder may convert all or part of the debentures at any time. If at any time after June 28, 2023, the closing price of Organto's common shares as traded on the TSX Venture Exchange is equal to or greater than $0.45 for 10 consecutive trading days or more, Organto may, in its sole discretion, force conversion of the debentures.

(4) These debentures are convertible into shares of Organto at $0.30 per share. Interest is not convertible. The holder may convert all or part of the debentures at any time. If at any time after July 29, 2023, the closing price of Organto's common shares as traded on the TSX Venture Exchange is equal to or greater than $0.45 for 10 consecutive trading days or more, Organto may, in its sole discretion, force conversion of the debentures.

(5) These debentures are convertible into shares of Organto at $0.50 per share. Interest is not convertible. The holder may convert all or part of the debentures any time after November 30, 2023. If, at any time after November 30, 2023, the 20 day volume weighted average trading price of Organto's common shares on the TSX Venture Exchange exceeds $0.625, Organto may, in its sole discretion, force conversion of the debentures. The Company may repay all or a portion of the convertible debentures by issuing common shares worth $1,053 based on their current market price for each $1,000 face value of convertible debentures. The Company may also pay all or a portion of the interest payable by issuing common shares to the debenture trustee who shall sell the common shares and use the proceeds to pay the interest due to debenture holders.

MARKET FOR SECURITIES

Trading Price and Volume

The common shares of the Company are listed and posted for trading in Canada on the TSX Venture Exchange under the symbol "OGO". The following table sets forth information relating to the trading of the common shares on the TSX Venture Exchange for the months indicated since the beginning of the most recently completed financial year.

Month	High ($)	Low ($)	Volume
April 1-28, 2023	0.15	0.10	655,808
March 2023	0.15	0.11	1,987,569
February 2023	0.13	0.105	2,427,023
January 2023	0.15	0.10	2,739,307
December 2022	0.16	0.075	13,633,816
November 2022	0.10	0.07	25,392,698
October 2022	0.105	0.09	13,301,756
September 2022	0.105	0.095	12,564,675
August 2022	0.12	0.09	9,583,046
July 2022	0.12	0.085	2,133,264
June 2022	0.145	0.11	1,263,593
May 2022	0.155	0.115	1,598,754

Month	High ($)	Low ($)	Volume
April 2022	0.16	0.145	822,970
March 2022	0.16	0.145	749,896
February 2022	0.175	0.145	3,739,213
January 2022	0.24	0.14	5,761,857

Prior Sales

Since the beginning of the most recently completed financial year, Organto has issued the following securities that are not listed or quoted on any marketplace:

Date of Issuance	Type of Security	Exercise Price	Number of Securities
January 27, 2022	Stock options	$ 0.35	150,000
September 29, 2022	Stock options	0.20	85,000
December 21, 2022	Stock options	0.21	1,300,000
December 21, 2022	Restricted share units	0.15	1,300,000
December 29, 2022	Convertible debentures	0.30	5,519,500
December 29, 2022	Warrants	0.30	184,280
February 28, 2023	Convertible debentures	0.30	983,333
February 28, 2023	Warrants	0.30	59,000
March 28, 2023	Convertible debentures	0.30	793,333
March 28, 2023	Warrants	0.30	47,600
March 29, 2023	Convertible debentures	0.30	1,666,666

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As at the date of this AIF there were 2,880,068 common shares of Organto subject to a contractual restriction on transfer, representing 1% of the Company’s issued and outstanding shares.

Description	Number of shares	Date issued	Restriction period end
Issued for the acquisition of Beeorganic	526,556	March 8, 2022	Nov 17, 2023
Issued for the acquisition of the ZMS assets	548,548	February 7, 2022	Nov 25, 2023
Issued for the acquisition of the New Fruit Group	450,000	April •, 2023	Dec 13, 2023
Issued for the acquisition of Fresh Organic Choice	279,858	January 29, 2021	Jan 1, 2024
Issued for the acquisition of Beeorganic	526,558	March 8, 2022	Nov 17, 2024
Issued for the acquisition of the ZMS assets	548,548	February 7, 2022	Nov 25, 2024
	2,880,068		

As part of the consideration to be paid for the acquisition of the New Fruit Group, Organto will issue 2,250,000 common shares to the former shareholders of New Fruit Group upon TSXV acceptance. The trading restrictions will be lifted on 450,000 common shares each year beginning on December 13, 2024 and ending on December 13, 2027.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holdings

The following table sets forth the name, province/state and country of residence, position held with Organto and principal occupation for the past five years of each person who is a director and/or an officer of Organto.

Name and residence	Position with Organto	Principal occupation during the five preceding years
Steve Bromley *Ontario, Canada*	Chair of the Board of Directors since October 2017; President since June 2018; Co-CEO since September 2020	President and CEO of Bromley Consulting & Advisory Inc. since February 2016; CEO of SunOpta Inc. from February 2007 to December 2015
Peter Gianulis *Florida, USA*	Director since December 2018; Strategic Advisor since November 2020	CEO of Allegiant Gold Ltd. since September 2019; Executive VP of Organto from June 2017 until September 2020; CEO of Organto from April 2015 to May 2017
Jeremy Kendall *Ontario, Canada*	Director since January 2021	Retired Executive
Alejandro Maldonado *Los Reyes, Mexico*	Director since December 2019	President and Chairman of Alpasa Farms.

Name and residence	Position with Organto	Principal occupation during the five preceding years
Joe Riz	Director since February 2021	Principal, Tricapital Management
Joost Verrest *the Netherlands*	Director since September 2020	CEO/Owner of Linnenatwork BV Since March 2020; CEO/Owner of Everrest BV since April 2005; CEO of Green Protein BV from October 2015 to May 2019
Gert van Noortwijk *the Netherlands*	Director since December 2020	CEO Agriser BV, an investment and management company since 1992; Board member of AgFlow SA since 2018; Board member of GrainComEvents since 2020; Supervisory board member of GMP+ since 2019
Rients van der Wal *the Netherlands*	Director since XXX, 2022. Co-CEO since September 2020. CEO of Organto Europe BV since April 2018	CEO of Brandal Holding BV since October 2015; CEO of Organto Europe BV November 2015 – July 2017; CEO Organto Europe BV April 2018 – present; COO Organto Foods Inc. April 2018 – September 2020- present; Co-CEO Organto Foods Inc.
Ralf Langner *British Columbia, Canada*	CFO since September 2020; Corporate Secretary since January 2018	CFO of Organto since September 2020; Corporate Secretary of Organto since January 2018; CFO of Zazu Metals Corp. from January 2007 to July 2017.
John Rathwell *Ontario, Canada*	Senior Vice President, Investor Relations and Corporate Development since December 2021	CEO of TLG Growth Capital Corp. Previously with TD Securities Inc. for 17 years.

Directors of Organto hold office until the conclusion of each Annual General Meeting. Officers are appointed by the board and serve at the discretion of the board.

Organto currently only has one standing committee – the Audit Committee. The Audit Committee is comprised of Joe Riz (Chair), Jeremy Kendall and Steve Bromley.

As at May 4, 2023, the directors and executive officers of Organto, as a group, beneficially owned, directly and indirectly, or exercised control or direction over 27,685,452 common shares, representing approximately 10% of the total number common shares outstanding before giving effect to the conversion of convertible debentures, the exercise of share options, or restricted share units held by such directors and executive officers.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

The information related to cease trade orders and bankruptcies, not being within the knowledge of the Company, has been furnished by the directors. Except as disclosed below, none of its directors, chief executive officer or chief financial officers:

1) is, as at the date of this Circular, or was within 10 years before the date of this Circular, a director or chief executive officer or chief financial officer of any company (including the Company) that:

    a. was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or

    b. was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or

2) is at the date hereof, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Company) that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

3) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

On May 1, 2019, due to a delay in filing audited financial statements for the year ended December 31, 2018, Steve Bromley, CEO, and the CFO at the time, were party to a cease trade order pursuant to Section 164 of the Securities Act, R.S.B.C. 1996, c418. All required financial statements and related records were subsequently filed and the cease trade order was revoked on May 31, 2019.

Conflicts of Interest

Some of the directors and officers of Organto or a subsidiary of Organto are or may be engaged in business activities on their own behalf and on behalf of other corporations, and situations may arise where some of the directors may be in potential conflict of interest with Organto. Conflicts, if any, will be subject to the procedures and remedies under the BCBCA. This legislation states that where a director has such a conflict, that director must, at a meeting of Organto directors, disclose his or her interest and refrain from voting for or against the approval of such participation or such terms unless otherwise permitted. In accordance with the laws of the Province of British Columbia, the directors and officers of Organto are required to act honestly, in good faith and in the best interests of shareholders.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

Organto is not aware of any actual or pending material legal proceedings to which the Company is or is likely to be a party or of which any of its property is or is likely to be the subject.

Regulatory Actions

No penalties or sanctions were imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the year December 31, 2022.

No penalties or sanctions were imposed by a court or regulatory body against Organto that would likely be considered important to a reasonable investor in making an investment decision.

Organto did not enter into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority during the year ended December 31, 2022.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, none of the directors, executive officers, or shareholders beneficially owning or exercising control or direction over, directly or indirectly, common shares of the Company carrying more than 10% of the voting rights attached to all common shares outstanding, and no associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year which has materially affected or is reasonably expected to materially affect Organto or any of its subsidiaries.

Accendo Banco S.A. was issued 27,100,000 common shares in 2020 as full payment of the Company's Mexican subsidiary's US$1,000,000 bank loan. Accendo was issued an additional 3,210,500 common shares in 2021 as full payment of the Company's Mexican subsidiary's US$750,000 bank loan.

Pursuant to a Consulting Agreement with Bromley Consulting & Advisory Inc. ("Bromley Consulting"), a private Ontario company controlled by Steve Bromley, effective January 1, 2021 the Company engaged Bromley Consulting to provide the services of Steve Bromley to act as Chair and co-CEO of Organto and commenced payment of a fee of $15,000 per month. The agreement has a term of one month, and renews automatically unless terminated by either party with 90 days' notice. On July 1, 2022 the monthly fee was reduced to $10,000 per month. On January 1, 2023 the monthly fee was increased to $12,500 per month. On March 1, 2023 the monthly fee was waived until further notice. In December 2020 Organto declared a bonus of 1,500,000 common shares payable to Bromley Consulting for services provided from April 2018 through December 2020 and for signing the Consulting Agreement dated January 1, 2021. These shares were issued in 2021.

Pursuant to a Consulting Agreement with Brandal B.V. ("Brandal"), a private Netherlands company controlled by Rients van der Wal, effective July 31, 2020 the Company engaged Brandal to provide co-CEO services to the Company and CEO services to the Company's European subsidiary for a fee of €15,000 per month. The agreement has a term of three years and can be terminated by either party with six months' notice. Effective February 1, 2021 a new consulting agreement was signed with Brandal which revised the monthly fee to €20,000 per month. Organto declared a bonus of 500,000 common shares payable to Brandal in January 2021 and these shares were issued in 2021.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Company's common shares is Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia.

INTEREST OF EXPERTS

Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, of Vancouver, British Columbia are the auditors of the Company and have confirmed that they are independent with respect to Organto within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business and described elsewhere in this AIF (see "Significant Acquisitions"), Organto did not enter into any material contract (i) during the most recently completed financial year, or (ii) before the most recently completed financial year if such material contract is still in effect.

AUDIT COMMITTEE

Organto's audit committee (the **"Audit Committee"**) is responsible for monitoring Organto's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of Organto's external auditors. The committee is also responsible for reviewing Organto's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full board of directors of Organto.

The Audit Committee's charter sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to Organto's board of directors. The text of the Company's Audit Committee Charter is attached hereto as Schedule "A".

The current members of the Company's Audit Committee are Joe Riz (Chair), Jeremy Kendall and Steve Bromley. Of the three members of the Audit Committee, Joe Riz and Jeremy Kendall are "independent" and all three members are "financially literate" as those terms are defined by National Instrument 52-110 *Audit Committees*. Joe Riz serves as Chair of the Audit Committee.

Relevant Education and Experience

Each member of the Audit Committee has:

a) an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably expected to be raised by the Company's financial statements, and/or experience actively supervising individuals engaged in such activities; and
c) an understanding of internal controls and procedures for financial reporting.

Joe Riz – Mr. Riz. has held a number of financial and operating leadership positions across a number of industries including consumer products, technology and entertainment, and served as Managing Director of a boutique merchant banking firm involved in numerous acquisitions, divestitures and financings. Mr. Riz was a founding director of SunOpta Inc., a leading organic and plant-based food company with global reach. From 2007 to 2009 he served as Executive Vice President and Chief Operating Officer of SunOpta, leading business operations through a period of rapid growth. Mr. Riz has served as a director of a number of public companies, including roles as both Chair of the Board and Chair of the Audit Committee, in addition to serving on a number of private company boards.

Jeremy Kendall – Mr. Kendall founded SunOpta Inc., a leading organic foods company with global reach, focused on plant-based foods and beverages. Over the course of his tenure at SunOpta Mr. Kendall served as Chair and Chief Executive Officer and led the business through a combination of strong internal growth and numerous acquisitions to over $1 billion in both revenues and market capitalization. Mr. Kendall currently serves as Chair of the board of Jemtec Inc. and also is director of a number of private and charitable organizations.

Steve Bromley – Mr. Bromley currently serves as Chair and Co-CEO of Organto is also President and CEO of Bromley Consulting. Bromley Consulting provides consulting and advisory services to small and medium sized businesses, with a focus on food and agriculture. From 2001 through 2015 Mr. Bromley held a number of senior roles with SunOpta Inc., including serving as a Director and CEO from February 2007 through December 2015. SunOpta Inc. is a leading organic and plant-based foods company with global reach. Mr. Bromley also serves on a number of private boards.

Pre-Approval Policies and Procedures

The Audit Committee's charter sets out responsibilities regarding the provision of non-audit services by Organto's external auditors. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's independence and requires Audit Committee pre-approval of permitted audit and audit-related services.

External Auditor Service Fees

The aggregate fees billed by Organto's external auditors for audit fees in the previous two fiscal years are as follows:

Nature of Services	Year Ended December 31, 2022	Year Ended December 31, 2021
Audit Fees(1)	$ 214,839	$ 130,500
Audit-Related Fees(2)	Nil	7,750
Tax Fees(3)	5,300	5,000
All Other Fees(4)	Nil	Nil
Total	$ 220,139	$ 143,250

Footnotes to Table:

1. "**Audit Fees**" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
2. "**Audit-Related Fees**" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
3. "**Tax Fees**" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
4. "**All Other Fees**" include all other non-audit services.

Exemption in Section 6.1 of NI 52-110

Section 6.1 of NI 52-110 provides an exemption for a venture issuer from the requirements of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110. Organto is voluntarily filing this AIF.

ADDITIONAL INFORMATION

Additional information relating to Organto can be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Organto's securities and securities authorized for issuance under equity compensation plans is contained in the management information circular of Organto filed on SEDAR at www.sedar.com. Additional financial information is provided in Organto's audited financial statements and management's discussion and analysis for the financial year ended December 31, 2022.

SCHEDULE "A"

ORGANTO FOODS INC.
(the "Company")

AUDIT COMMITTEE CHARTER
(Updated - January 2021 and January 2023)

1. Purpose

To assist the board of directors (the "Board") of the Company to fulfill its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process, and the Company's process for monitoring compliance with the applicable laws and regulations that govern the Company's operations and this code of conduct (the "Charter")

This Charter defines the Audit Committee's range of authority, objectives, the scope of its activities and its duties and responsibilities. It is intended to give Audit Committee members, management and external auditors a clear understanding of their respective roles. The Audit Committee and the Board will review the adequacy of this Charter annually.

2. Mandate

The Audit Committee will assist the Board in fulfilling its financial oversight responsibilities. The Audit Committee will review and consider in consultation with management and the external auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform their role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well as the Company's business, operations and related risks.

3. Composition

The Board will appoint from among their membership an Audit Committee after each Annual General Meeting of the shareholders of the Company. The Audit Committee will consist of a minimum of three directors and maximum of four directors.

3.1 Independence

A majority of the members of the Audit Committee must not be officers, employees, or control persons of the Company.

3.2 Expertise of Committee Members

Each member of the Audit Committee must be financially literate or must become financially literate within a reasonable period of time after their appointment to the committee. At least one member of the committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

4. Meetings

The Audit Committee shall meet in accordance with a schedule established each year by the Board, and at other times that the Audit Committee may determine. The Audit Committee shall meet at least quarterly with the Company's Chief Financial Officer and no less than once per year with the Company's external auditors, each in separate executive sessions.

5. Roles and Responsibilities

The Audit Committee shall fulfill the following roles and carry out the following responsibilities:

5.1 External Audit

The Audit Committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the Audit Committee shall:

(a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;

(b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;

(c) review the performance of the external auditors and recommend to the Board the appointment or dismissal of the external auditors;

(d) review and recommend to the Board the compensation to be paid to the external auditors; and

(e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

5.2 Internal Control

The Audit Committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall ensure that the external auditors discuss with the Audit Committee any event or matter which suggests the possibility of fraud, illegal acts, or deficiencies in internal controls.

5.3 Financial Reporting

The Audit Committee shall review financial statements, related financial information and the Management Discussion & Analysis prior to its release to the public. In carrying out this duty, the Audit Committee shall:

General

(a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and

(b) review and ensure that the accounting principles selected by management in preparing the financial statements are appropriate.

Annual Financial Statements

(c) review the draft annual financial statements and provide a recommendation to the
Board with respect to the approval of the financial statements;

(d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and

(e) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements (Quarterly)

(f) review and approve the interim financial statements prior to their release to the public; and

(g) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

(h) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

5.4 Non-Audit Services

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the Audit Committee.

Delegation of Authority

(a) The Audit Committee may delegate to one or more independent members of the Audit Committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the Audit Committee at its next scheduled meeting.

De-Minimis Non-Audit Services

(b) The Audit Committee may satisfy the requirement for the pre-approval of non-audit services if:

(i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; and

(ii) the fees paid by the Company and its subsidiaries to the external auditor were not recognized as non-audit services at the time of the engagement; and

(ii) the services are brought to the attention of the Audit Committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

(c) The Audit Committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:

(i) the pre-approval policies and procedures are detailed as to the particular service;

(ii) the audit committee is informed of each non-audit service; and

(iii) the procedures do not include delegation of the audit committee's responsibilities to management.

5.5 Other Responsibilities

The Audit Committee shall:

(a) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;

(b) establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(c) ensure that significant findings and recommendations made by management and the external auditor are received and discussed on a timely basis;

(d) review and approve hiring procedures and policies regarding partners, employees, former partners and employees of present and former external auditors of the Company or its subsidiaries;

(e) review the policies and procedures in effect for considering officers' expenses and perquisites;

(f) review the findings of any examinations by regulatory agencies

(g) perform other oversight functions as requested by the Board; and

(h) review and update this Charter on an annual basis and receive approval of changes to this Charter from the Board.

5.6 Reporting Responsibilities

The Audit Committee shall regularly update the Board about committee activities and make appropriate recommendations, including recommendations regarding all publicly disclosed financial information.

6. Resources and Authority of the Audit Committee

The Audit Committee shall have the resources and the authority appropriate to carry out its responsibilities, including the authority to:

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for any advisors employed by the Audit Committee; and

(c) communicate directly with the external auditors.

7. Guidance – Roles & Responsibilities

The following guidance is intended to provide the Audit Committee members with additional guidance for the fulfilment of their roles and responsibilities:

7.1 Internal Control

(a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;

(b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and

(c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

7.2 Financial Reporting

General

(a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and

(b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and

(c) understand industry best practices and the Company's adoption of them.

Annual Financial Statements

(d) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;

(e) pay attention to complex and/or unusual transactions such as restructuring charges, acquisitions and divestitures, and derivative disclosures;

(f) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;

(g) consider management's handling of proposed audit adjustments identified by the external auditors; and

(h) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements (Quarterly)

(i) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;

(j) meet with management to review the interim financial statements; and

(k) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:

- (i) actual financial results for the interim period varied significantly from budgeted or projected results;
- (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the Company's operations and financing practices;
- (iii) generally accepted accounting principles have been consistently applied;
- (iv) there are any actual or proposed changes in accounting or financial reporting practices;
- (v) there are any significant or unusual events or transactions;
- (vi) the Company's financial and operating controls are functioning effectively;
- (vii) the Company has complied with the terms of loan agreements, security indentures or other financial agreements; and
- (viii) the interim financial statements contain adequate and appropriate disclosures.

7.3 Compliance with Laws and Regulations

(a) periodically obtain updates from management regarding compliance with this policy and industry “best practices”;

(b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and

(c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

7.4 Other Responsibilities

a) Review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements and ensure disclosure is appropriate.

b) Approve the Business Conduct and Ethics Policy on an annual basis.