CAPTIVA VERDE INDUSTRIES LTD.

(formerly Arrowhead Water Products Ltd.)

Condensed Consolidated Interim Financial Statements (unaudited)

For the interim three and nine months ended September 30, 2015

and three and nine months ended June 30, 2014

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements.
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November 27, 2015

(signed) *"Jeffrey J. Ciachurski"*
Jeffrey J. Ciachurski
President and Chief Executive Officer

(signed) "Chris Thompson"
Chris Thompson
Chief Financial Officer

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

(expressed in Canadian dollars)

As at:	Note	September 30, 2015 Unaudited	December 31, 2014 Audited
ASSETS			
Current assets			
Cash		**$ 122,062**	$ 13,803
Restricted cash	**7**	**75,000**	-
Accounts receivable	**8**	**126,433**	21,398
Accrued interest receivable	**11**	**38,175**	15,270
Inventory	**9**	**4,109,748**	56,725
Prepaid expenses and current deposits	**10**	**1,747,930**	125,781
Subscription receivable	**16a**	**104,001**	-
Current portion of note receivable	**11**	**240,000**	144,000
		6,563,349	376,977
Long-term deposits	**10**	**442,320**	576,413
Long-term note receivable	**11**	**78,905**	174,905
Property and equipment	**12**	**2,710,431**	-
		3,231,656	751,318
		$ 9,795,005	$ 1,128,295
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		**$ 4,461,880**	$ 647,188
Current portion of long-term debt	**13**	**55,995**	-
		4,517,875	647,188
Long-term liabilities			
Convertible debentures	**16a&b**	**157,680**	-
Long-term debt	**13**	**89,322**	-
		4,764,877	647,188
SHAREHOLDERS' EQUITY			
Share capital	**14b**	**10,268,256**	5,937,484
Warrants	**14c**	**1,956,514**	391,502
Contributed surplus	**14e**	**2,144,114**	1,961,069
Equity component of convertible debenture	**16**	**17,320**	-
Foreign currency translation reserve		**(63,890)**	(34,332)
Deficit		**(9,292,186)**	(7,774,616)
		5,030,128	481,107
		$ 9,795,005	$ 1,128,295

Nature of operations and going concern *(Note 1)*
Commitments and contingencies *(Note 15)*
Subsequent events *(Note 18)*

(signed) "Ross O. Drysdale"
Ross O. Drysdale
Director

(signed) "Chris Thompson"
Chris Thompson
Chief Financial Officer

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Income (loss) and Comprehensive Income (loss)

(expressed in Canadian dollars)

	For the 3 months ended September 30, 2015	For the 3 months ended June 30, 2014	For the 9 months ended September 30, 2015	For the 9 months ended June 30, 2014
Revenue				
Sales	**$ 93,186**	$ -	**$ 93,186**	$ -
Cost of sales	**92,639**	-	**92,639**	-
Gross Profit	**547**	-	**547**	-
Expenses				
General and administrative	**$ 418,328**	$ 152,359	**$ 765,694**	$ 305,078
Development costs	**-**	(225,459)	**141,765**	44,464
Marketing costs	**62,465**	20,000	**136,041**	20,000
Other operating costs	**129,406**	8,162	**215,325**	13,162
Foreign exchange (gain)/loss	**-**	31,403	**(166,682)**	30,642
Share-based compensation (Note 14e)	**183,045**	-	**183,045**	566,570
Interest	**3,847**	-	**3,847**	-
Other financing costs	**128,297**	-	**128,297**	-
Amortization	**15,867**	-	**15,867**	-
Loss on settlement of dispute (Note 15b)	**-**	-	**117,936**	-
	941,255	(13,535)	**1541,135**	979,916
Operating income (loss)	**(940,708)**	13,535	**(1,540,588)**	(979,916)
Other items				
Interest income adjustment	**7,635**	13,496	**23,018**	13,496
Income (loss) from continuing operations	**(933,073)**	27,031	**(1,517,570)**	(966,420)
Income from discontinued operations (Note 6)	**-**	21,622	**-**	20,554
Income (loss) for the period	**(933,073)**	48,653	**(1,517,570)**	(945,866)
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation	**101,176**	-	**(29,558)**	-
Net income (loss) and total comprehensive income (loss) for the period	**$ (831,897)**	$ 48,653	**$ (1,547,128)**	$ (945,866)
(Loss) Earnings per Share-basic and diluted (note 14d)	**(0.03)**	0.00	**(0.06)**	(0.05)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

(expressed in Canadian dollars)

	Share capital	Equity Component of Convertible debenture	Warrants	Contributed surplus	Foreign currency translation reserve	(Deficit)	Total
	$	$	$	$	$	$	$
Balance at September 30, 2013	**4,469,483**	**-**	**-**	**1,394,499**	**-**	**(5,187,517)**	**676,465**
Common shares issued in connection with							
Private placement at $0.30 per unit	1,315,167		86,208				1,401,375
Private placement at $0.36 per unit	152,834		305,294				458,128
Share-based compensation				566,570			566,570
Foreign currency translation adjustment					(34,332)		(34,332)
Loss for the period						(2,587,099)	(2,587,099)
Balance at December 31, 2014	**5,937,484**	**-**	**391,502**	**1,961,069**	**(34,332)**	**(7,774,616)**	**481,107**
Common shares issued in connection with							
Private placement at $0.25 per unit	2,692,722		1,379,967				4,072,689
Expired warrants	305,294		(305,294)				-
Warrants exercised	80,104		(45,334)				34,770
Private placement at $0.2625 per unit	1,252,652		535,673				1,788,325
Equity component of convertible debenture		17,320					17,320
Contributed surplus				183,045			183,045
Foreign currency translation adjustment					(29,558)		(29,558)
Loss for the period						(1,517,570)	(1,517,570)
Balance at September 30, 2015	**10,268,256**	**17,320**	**1,956,514**	**2,144,114**	**(63,890)**	**(9,292,186)**	**5,030,128**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

(expressed in Canadian dollars)

	For the 3 months ended September 30, 2015	For the 3 months ended June 30, 2014	For the 9 months ended September 30, 2015	For the 9 months ended June 30, 2014
Cash provided by (used for):	(Note 1)			
OPERATING ACTIVITIES				
Net Income (loss)	$ (933,073)	$ 48,653	$ (1,517,570)	$ (945,866)
Deduct: Net income from discontinued operations	-	(21,622)	-	(20,554)
Net income from continuing operations	(933,073)	27,031	(1,517,570)	(966,420)
Add (deduct) non-cash items:				
Share-based compensation	183,045	-	183,045	566,570
Foreign currency translation adjustment	101,176	-	(29,558)	-
	(648,852)	27,031	(1,364,083)	(399,850)
Changes in working capital				
Restricted cash	(75,000)	-	(75,000)	-
Accounts receivable and accrued interest receivable	(113,096)	(5,183)	(127,941)	(3,966)
Inventory	(3,704,808)	(657,369)	(4,053,023)	(657,369)
Prepaid expenses and deposits	(1,302,754)	(96,861)	(1,488,056)	(142,376)
Accounts payable and accrued liabilities	3,137,810	197,864	3,814,691	104,235
Net cash flows from continuing operating activities	**(2,707,000)**	**(534,518)**	**(3,293,412)**	**(1,099,326)**
Net cash flows from discontinued operating activities (Note 6)	-	533,400	-	542,028
	(2,707,000)	**(1,118)**	**(3,293,412)**	**(557,298)**
INVESTING ACTIVITIES				
Long term deposits		(295,100)	-	(295,100)
Long term note receivable	-	(318,905)	-	(318,905)
Purchase of property and equipment	(2,156,043)	(17,137)	(2,710,431)	(17,137)
Purchase of intangibles	-	(26,106)		(26,106)
Net cash flows from investing activities	**(2,156,043)**	**(657,248)**	**(2,710,431)**	**(657,248)**
FINANCING ACTIVITIES				
Shares and warrants issued for cash, net of issuance costs	4,674,807	466,686	5,791,785	1,868,061
Debt financing	145,317	-	145,317	-
Convertible debentures	50,000	-	175,000	-
Net cash flows from financing activities	**4,870,125**	**466,686**	**6,112,102**	**1,868,061**
INCREASE IN CASH	7,381	(191,680)	108,259	653,515
Cash, beginning of period	114,681	1,235,839	13,803	390,644
Cash, end of Period	**$ 122,062**	**$ 1,044,159**	**$ 122,062**	**$ 1,044,159**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Note 1 - Nature of Operations and Going Concern

Captiva Verde Industries Ltd. ("Captiva" or the "Company") is a public corporation incorporated under the Business Corporations Act of British Columbia in 2014. On June 2, 2015, the common shares of Captiva began trading on the Canadian Securities Exchange ("CSE"), operated by CNSX Markets Inc. under the symbol "VEG". The shares of the Company had been trading on the NEX board of the TSX Venture Exchange also under the symbol "VEH.H. Listing and disclosure documents are available at www.cnsx.ca.

As of May 12, 2014, the Company is now engaged in commercial organic farming operations in the USA ("US"). The Company changed its name from Arrowhead Water Products Ltd. where the Company was incorporated under the Business Corporations Act of Alberta since 1993. The Company had been primarily engaged in the production, sale and distribution of large format 15-litre bottles of drinking water principally in Alberta. On February 28, 2013, the Company completed the sale of its water bottling assets and retail business (Note 6).

The Board of Directors approved a change of year end from September 30 to December 31. On September 5, 2014, a Notice of Change in Year-End was filed in accordance with Section 4.8 of National Instrument 51-102. The year-end was changed to reflect most of its peers in the industry in which the Company operates.

These unaudited condensed consolidated interim financial statements therefore present the results of the Company for the three and nine months ended September 30, 2015 and the three and six months ended June 30, 2014, the most comparable prior period. Due to the difference in the months covered by these periods, not all financial information may have meaningfully comparables.

For the nine month period ended September 30, 2015, the Company has a total comprehensive loss for the period of $1,547,128 and negative cash flows from operating activities of $3,293,412 and a cash balance at September 30, 2015 of $122,062. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional capital through the issuance of share capital or debt and achieve profitable operations in the future. The management of the Company has developed a strategy to address this uncertainty, including additional equity and/or debt financings; however, there are no assurances that any such financings can be obtained on favorable terms, if at all.

If the going concern assumption were not appropriate for these unaudited condensed consolidated interim financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, reported revenues and expenses, and the consolidated statement of financial position classifications used.

The unaudited condensed consolidated interim financial statements of the Company were authorized for issue by the Board of Directors on November 27, 2015. The address of the Corporation's registered office is Royal Centre, 1055 W. Georgia Street, Suite 1500 PO Box 11117 Vancouver, BC V6E 4N7.

Note 2 - Basis of Preparation

a) Going concern

The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Historically the Company has had operating losses, and negative cash flows from operations. Whether and when the Company can attain profitability and positive cash flows from operations is uncertain.

b) Statement of compliance

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board, and do not include all of the information and disclosures normally provided in annual financial statements and should be read in conjunction with the Company's consolidated financial statements for the fifteen months ended December 31, 2014.

c) Basis of Measurement and functional currency

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value through profit or loss. These unaudited condensed consolidated interim financial statements are presented in Canadian dollars which is the Company's functional currency and its wholly owned subsidiary, 1353062 Alberta Ltd. The Company's other wholly owned subsidiary, Captiva Verde Farming Corp., has a functional currency of US dollars.

d) Use of estimates and judgments

The preparation of the unaudited condensed consolidated interim financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts in these consolidated financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material. Actual results may differ from these estimates. Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Note 3 - Significant Accounting Policies

The principal accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company in its audited consolidated financial statements as at and for the fifteen months ended December 31, 2014.

Note 4 - Significant Accounting Estimates and Judgments

The preparation of the Company's unaudited condensed consolidated interim financial statements requires management to make, at the end of the reporting period, judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below. Readers are cautioned that the following list is not exhaustive and other items may also be affected by estimates and judgments.

The Company uses estimates and judgments for determining the fair value of its financial instruments. Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The

Note 4 - Significant Accounting Estimates and Judgments *(continued)*

judgments include consideration of inputs such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Amounts recorded for share-based payments are subject to the inputs used in the Black-Scholes option pricing model, including assumptions such as volatility, forfeiture, dividend yield, and expected option life.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable earnings will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable earnings together with future tax planning strategies.

Note 5 - Standards Issued but Not Yet Effective

At the date of authorization of these unaudited condensed consolidated interim financial statements, certain new standards, amendments, and interpretations to existing IFRS standards have been published but are not yet effective, and have not been adopted early by the Company. Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first annual period beginning after the effective date of the pronouncement. Information on new standards, amendments, and interpretations that are expected to be relevant to the Company's consolidated financial statements are provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

In 2010, the IASB issued IFRS 9 Financial Instruments, which addresses the classification and measurement of financial assets. The new standard defines two instead of four measurement categories for financial assets, with classification to be based partly on the Corporation's business model and partly on the characteristics of the contractual cash flows from the respective financial asset. An embedded derivative in a structured product will no longer have to be assessed for possible separate accounting treatment unless the host is a non-financial contract. A hybrid contract that includes a financial host must be classified and measured in its entirety. The IASB has determined the mandatory effective date of IFRS 9 to be January 1, 2018. IFRS 9 is still available for early adoption. The new standard is not expected to have a material impact on the presentation of the Company's financial position and results of operations.

On May 28, 2014, the IASB issued International IFRS 15, "Revenue from Contracts with Customers", which is the result of the joint project with the Financial Accounting Standards Board. The new standard replaces the two main recognition standards IAS 18, "Revenue", and IAS 11, "Construction Contracts". The new standard provides a five step model framework as a core principle upon which an entity recognizes revenue and becomes effective January 1, 2017. The Company is currently assessing the potential impact of the adoption of IFRS 15 on the Company's consolidated financial statements.

Note 6 - Discontinued Operations

On September 4, 2012, the Company entered into a Letter of Intent ("LOI") and a Right of First Refusal Agreement with a private third party purchaser (the "Purchaser") to sell all of its 15-liter water bottling equipment along with its customer retail base (the "Assets"). At the date of the sale, the Assets had a net book value of $545,995. The sale of the Assets was completed on February 28, 2013 for total cash proceeds of $1,650,000 resulting in a gain on disposition of $1,104,005. As part of the LOI, the Purchaser agreed to pay the Company royalties based on the number of 15-litre bottles sold in each month up to January 31, 2014. The royalties associated with the sale were terminated as at December 31, 2013 and have been paid in full.

(expressed in Canadian dollars unless indicated otherwise)

Note 6 - Discontinued Operations *(Continued)*

As a result of the sale, historical financial information for the 15-litre water business has been reclassified as discontinued operations on the condensed consolidated interim statements of income (loss) and comprehensive income (loss) and the consolidated statements of cash flows. Assets relating to discontinued operations as at September 30, 2013 were as follows:

Accounts receivable, including promissory note	$547,461
Accounts payable and accrued liabilities	$188,098

During fiscal 2014, the accounts receivable was collected and all of the accounts payable and accrued liabilities have been settled.

Selected financial information for the business included in discontinued operations is reported below:

	For the 3 months ended September 30, 2015	For the 3 months ended June 30, 2014	For the 9 months ended September 30, 2015	For the 9 months ended June 30, 2014
Revenue	$ -	$ -	$ -	$ 8,047
Cost of sales	-	-	-	-
Gross profit	-	-	-	8,047
Expenses				
General and administrative	-	-	-	9,115
	-	-	-	(1,068)
Other Income	-	21,622	-	21,622
Income and comprehensive income from discontinued operations for the period	**$ -**	**$ 21,622**	**$ -**	**$ 20,554**
Earnings per Share-basic and diluted	0.00	0.00	0.00	0.00

Subsequent to the sale, the Company received royalties to December 31, 2013.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

(expressed in Canadian dollars unless indicated otherwise)

Cash Flow from Discontinued operations	For the 3 months ended September 30, 2015	For the 3 months ended June 30, 2014	For the 9 months ended September 30, 2015	For the 9 months ended June 30, 2014
Cash provided by (used for):				
OPERATING ACTIVITIES				
Net Income	$ -	$ 21,622	$ -	$ 20,554
	-	21,622	-	20,554
Changes in working capital	-	511,778	-	521,474
Discontinued operations relating to operating	**-**	**533,400**	**-**	**542,028**
INVESTING ACTIVITIES				
Discontinued operations relating to investing	**-**	**-**	**-**	**-**
FINANCING ACTIVITIES				
Discontinued operations relating to financing	**-**	**-**	**-**	**-**
DECREASE IN CASH	**$ -**	**$ 533,400**	**$ -**	**$ 542,028**

Note 7 - Restricted Cash

	September 30, 2015	December 31, 2014
Restricted cash	**$ 75,000**	$ -

During the period ending September 30, 2015, the Company arranged corporate credit cards for senior management secured by a term deposit.

Note 8 - Accounts Receivable

	September 30, 2015	December 31, 2014
Trade accounts receivable and accruals (i)	**$ 94,992**	$ -
Goods and services tax recoverable	**29,548**	21,398
Other receivables	**1,893**	-
	$ 126,433	$ 21,398

(i) Trade accounts receivable are non-interest bearing and are generally on 30 day terms.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

(expressed in Canadian dollars unless indicated otherwise)

Note 9 - Inventory

	September 30, 2015	December 31, 2014
Material goods	$ 638,408	$ -
Work-in-progress	3,468,939	-
Other	2,401	-
	$ 4,109,748	$ -

Note 10 - Deposits and Prepaid Expenses

	September 30, 2015	December 31, 2014
Land lease deposits (Note 15)	$ 1,367,696	$ 697,542
Farming fees	$ 543,197	$ -
Piping fees	$ 217,988	$ -
Deposits on Account	$ 49,116	$ -
Prepaid Insurance, and other fees	12,253	4,652
	2,190,250	702,194
Less current portion (Note 15)	(442,320)	(125,781)
Long-term deposits	$ 1,747,930	$ 576,413

Note 11 - Long-term Note Receivable

	September 30, 2015	December 31, 2014
Note receivable	$ 318,905	$ 318,905
Less current portion	(240,000)	(144,000)
Long-term note receivable	$ 78,905	$ 174,905

On July 12, 2012, Greenbriar Capital Corp. ("Greenbriar") and the San Juan Marriot Hotel entered into a Purchase & Installation Agreement ("PIA") for two 150 Ton Heat Recovery Units ("Units"). The PIA was then subsequently taken over by Green Matters, Inc. ("Green Matters") on August 24, 2012 through a loan agreement between Greenbriar and Green Matters.

In November, 2013, Green Matters and Captiva agreed that Captiva would take over all, or a portion, of the PIA and consequently assume all, or a portion, of the ownership of the Units. Captiva began funding certain costs related to the Units including a portion of the original Units invoice, a 50% deposit for Installation and invoices for engineering. Captiva also covered certain legal and patent costs of Energy Recovery Systems Inc. (the patent holder on the Units) in order to keep the project active. The total of these costs was $305,409 of which $269,923 was paid between November 1, 2013 and December 31, 2013. At the time there was still considerable uncertainty as to what portion of the project would be assumed by Captiva and the related value so the whole amount was expensed by Captiva as development/exploration costs.

(expressed in Canadian dollars unless indicated otherwise)

Note 11 - Long-term Note Receivable *(Continued)*

By the latter part of May, 2014, significant work had been performed on the installation of the Units which established a reliable value and led Captiva to fund an additional $35,486 of costs related to the Units. Also by this date Captiva agreed to pursue an additional business opportunity in organic farming. As of June 30, 2014, Captiva decided to concentrate its business efforts on organic farming and agreed that Green Matters would maintain full ownership of the Units and Captiva will treat all amounts paid to date plus interest as a loan.

Accordingly, the parties signed a Binding Loan Agreement whereby Green Matters will repay Captiva $318,905 (cost payments of $305,409 plus $13,496 in interest at 10% per annum to June 30, 2016). The amount will be repaid over 24 months with $12,000 monthly payments plus interest beginning January 31, 2015 and a balloon payment of $102,905 plus any unpaid interest on July 1, 2016. The loan is secured by the underlying equipment and is convertible to common shares of Green Matters at any time at the prevailing market price. During the three and nine month periods ended September 30, 2015, interest totaling $7,635 and $22,905, respectively (three and nine months ended June 30, 2014 - $nil) has been recorded.

Note 12 - Property and Equipment

	September 30, 2015			December 31, 2015		
	Costs	Accumulated Amortization	Net book value	Costs	Accumulated Amortization	Net book value
Land Improvements	$ 2,039,480	$ -	$ 2,039,480	$ -	$ -	$ -
Field Equipment	561,939	(13,982)	547,957			
Vehicles	65,767	(2,192)	63,575			
Furniture	22,943		22,943			
Computers	25,308		25,308			
Leasehold Improvements	11,168		11,168			
	$ 2,726,605	**$ (16,174)**	**$ 2,710,431**	**$ -**	**$ -**	**$ -**

Note 13 - Long-term Debt

	September 30, 2015	December 31, 2014
Long-term debt	**$ 145,317**	$ 318,905
Less current portion	**(55,995)**	(144,000)
Long-term debt	**$ 89,322**	$ 174,905

The Company purchased field equipment through debt financing from one of its vendors. Current portion includes a down payment of $12,011 which was paid in the fourth (4th) quarter. Repayment will be over three years.

(expressed in Canadian dollars unless indicated otherwise)

Note 14 - Share Capital

a) Authorized

Unlimited number of Class A voting common shares without nominal or par value
Unlimited number of Class B non-voting common shares without nominal or par value
Unlimited number of Class C preferred shares

b) Issued

Class A Common Shares	Number of Shares		Consideration
Balance, September 30, 2012 and September 30, 2013	**14,492,229**	**$**	**4,469,483**
Issued pursuant to Private Placement, October 24, 2013	5,000,000		1,315,167
Issued pursuant to Private Placement, June 16, 2014	1,388,666		152,834
Balance, December 31, 2014	**20,880,895**	**$**	**5,937,484**
Issued pursuant to Private placements at $0.25 per unit from February 2015 to August 2015	17,819,080		2,692,722
Expired warrants pursuant to a June 16, 2014 Private placement	-		305,294
Warrants exercised, September 2, 2015	115,900		80,104
Issued pursuant to Private placement at $.02625 per unit during September 2015	7,284,762		1,252,652
Balance, September 30, 2015	**46,100,637**	**$**	**10,268,256**

During the month of September 2015, the Company completed an aggregate of non-broker Private Placements with gross proceeds of $1,912,250 (net $1,252,652). These closings consisted of 7,284,762 units (the “Units”) at a price of $0.2625 per Unit. Each Unit consists of one common share in the capital of the Company (a "Share") and one half common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one Share at a price of $0.35 per Share for a period of one (1) year from the closing of the Private Placements. At the time of the Private Placements, an aggregate $489,163 was ascribed to the Warrants using the Black-Scholes fair value pricing model based on a risk free rate ranging from .045% to 0.52%, and an expected volatility ranging from 157.4% to 165.45% and an expected life of one (1) year. In connection with these Private Placements, the Company paid cash commissions in the amount of $107,225, being 10% of the aggregate proceeds raised from the sale of Units to purchasers introduced by eligible finders. The Company also issued non-transferable warrants (the “Finder’s Warrants”) to acquire a total of 1,329,739 Shares, being 6% of the number of Units sold under these Private Placements to purchasers introduced by eligible finders. Each Finder’s Warrant entitles the holder to purchase one Share at a price of $0.35 per Share for a period of five (5) years. An additional $107,225 was ascribed to the Warrants using the Black-Scholes fair value pricing model based on a risk free rate ranging from 0.61% to 0.68%, and an expected volatility ranging from 211.97% to 212.39% and an expected life of five (5) years. Additional legal costs of $16,700 were incurred for these Private Placements.

(expressed in Canadian dollars unless indicated otherwise)

Note 14 - Share Capital *(Continued)*

During the period from February 2015, to August 2015, the Company completed an aggregate of non-broker Private Placements with gross proceeds of $4,454,770 (net $2,692,722). These closings consisted of 17,819,080 units (the "Units") at a price of $0.25 per Unit. Each Unit consists of one common share in the capital of the Company (a "Share") and one half common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one Share at a price of $0.30 per Share for one (1) year from the closing of the Private Placement. At the time of the Private Placements, an aggregate $1,206,884 was ascribed to the Warrants using the Black-Scholes fair value pricing model based on a risk free rate ranging from .040% to 0.59%, and an expected volatility ranging from 91.60% to 163.30% and an expected life of one (1) year. In connection with these Private Placements, the Company paid cash commissions in the amount of $301,587 being 10% of the aggregate proceeds raised from the sale of Units to purchasers introduced by eligible finders. The Company also issued non-transferable warrants (the "Finder's Warrants") to acquire a total of 719,340 Shares, being 6% of the number of Units sold under these Private Placements to purchasers introduced by eligible finders. Each Finder's Warrant entitles the holder to purchase one Share at a price of $0.30 per Share for a period of five (5) years. An additional $173,083 was ascribed to the Warrants using the Black-Scholes fair value pricing model based on a risk free rate ranging from 0.49% to 0.81%, and an expected volatility ranging from 91.607% to 207.48% and an expected life of five (5) years. Additional legal costs of $80,493 were incurred with these Private Placements.

On September 2, 2015, 115,900 Finder Warrants were converted into shares for gross proceeds of $34,770. At the time of granting, $45,334 was ascribed to these Warrants using the Black-Scholes fair value pricing model.

On June 16, 2015, 1,388,666 and 17,281 of Warrants and Finder Warrants, respectively expired and the related value of $305,294, using the Black-Scholes fair value pricing model, was added back to share capital.

c) Warrants

The following table summarizes information about warrants outstanding as at:

	September 30, 2015			
Warrants	Number of Warrants	Exercise Price	Fair value ascribed	Expire date
Balance, September 30, 2013	**-**	**$ -**	**$ -**	**-**
Issued, private placement, Finder Warrants	220,400	0.3	86,208	23-Oct-15
Issued, private placement	1,388,666	0.5	288,013	16-Jun-15
Issued, private placement, Finder Warrants	83,319	0.5	17,281	16-Jun-15
Balance, December 31, 2014	**1,692,385**		**391,502**	
Issued, private placement	8,909,540	0.3	1,206,884	Feb 6/16 - Aug 10/16
Issued, private placement, Finder Warrants	719,340	0.3	173,083	Feb 6/20 - Aug 10/20
Expired, private placement	(1,388,666)		(288,013)	
Expired, private placement, Finder Warrants	(83,319)		(17,281)	
Exercise of finder warrants	(115,900)		(45,334)	
Issued, private placement	3,642,181	0.35	489,163	Sept 4/16 - Sept 24/16
Issued, private placement, Finder Warrants	180,800	0.35	46,510	Sept 4/20 - Sept 24/20
Balance, September 30, 2015	**13,556,361**		**$ 1,956,514**	

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

(expressed in Canadian dollars unless indicated otherwise)

Note 14 - Share Capital *(Continued)*

d) Earnings (loss) per share

The weighted average number of common shares outstanding for basic and diluted earnings per share during the three month period ended September 30, 2015 is 34,256,053 (three months ended June 30, 2014 was 19,705,870). For the nine-month period ending September 30, 2015, 2015, the weighted average number of common shares for basic and diluted earnings per share is 26,138,575 (nine months ended June 30, 2014 – 19,536,443).

e) Share-based compensation

The Company has a rolling stock option plan (the "Plan") available to officers, directors, consultants and employees with grants under the Plan approved from time to time by the Board. Under the Plan, the exercise price of each option equals the market price of the Company's stock at the time of issuance. The Plan provides for vesting at the discretion of the Board and expiration of the options to be five years from the date of grant. Each option can be exercised for one Class A Common Share of the Company. During the current period, the Company issued 750,000 incentive stock options to a consultant of the Company, (three months ended June 30, 2014 – nil). Each Option, vesting immediately upon grant, entitles the holder to purchase one common share of the Company at a price of $0.38 per share until August 16, 2020. The Options and any common shares issued upon exercise will be subject to a four-month resale restriction from the date of grant. For the nine month period ended September 30, 2015, the Company issued 750,000 (nine months ended June 30, 2014 – 1,900,000). On January 22, 2014, the Company granted 1,900,000 options to the directors and a consultant of the Company at an exercise price of $0.30 each.

A summary of stock option information as at September 30, 2015 is as follows:

	Shares	Weighted average exercise price	Expiry date
Options outstanding December 31, 2014	1,900,000	0.30	January 22, 2019
Options granted	750,000	0.38	August 16, 2020
Options outstanding September 30, 2015	**2,650,000**	**0.32**	

	Stock options outstanding			Option exercisable	
Exercise price	Number of stock options outstanding	Weighted average exercise price	Weighted average remaining contractual life (years)	Number of options outstanding	Weighted average exercise price
0.30	1,900,000	0.30	3.3	1,900,000	0.30
0.38	750,000	0.38	4.9	750,000	0.38

The fair value of the options granted during the current period was estimated to be $183,045, (three months ended June 30, 2014 was $nil) and was recorded as stock-based compensation expense. For the nine month period ended September 30, 2015, the Company recorded $183,045 (nine months ended June 30, 2014 – $566,570) as stock-based compensation expense.

(expressed in Canadian dollars unless indicated otherwise)

Note 14 - Share Capital *(Continued)*

The fair value is estimated at the date of grant using the Black-Scholes Option Pricing Model with the following assumptions:

	2015	2014
Volatility factor of expected market price (%)	208.79%	244.65%
Weighted average risk-free interest rate (%)	.51%	1.40%
Dividend yield (%)	-	-
Weighted average expected life of options (years)	5	5
Forfeiture rate	0%	0%

Note 15 - Commitments and contingencies

a) Operating Lease Commitments

As at September 30, 2015, the Company is committed to the future land lease and operating payments as follows:

2015	$	2,761,168
2016		4,488,998
2017		3,778,401
2018		3,714,522
2019		3,768,681
2020		3,329,926
2021		1,693,702
Thereafter		-

During the nine months ended September 30, 2015, the Company signed the following farm land lease contracts:

1. With private individuals for a total of 419 acres in Imperial Valley. Both leases are for five (5) years and end in 2020.

2. With Bales & Bales II, both Arizona partnerships. The lease term began on July 1, 2015 and will terminate on June 30, 2020. The Company has the option to renew the lease for an additional ten (10) years to 2030.

3. With Arizona Valley Farm, LLC, a Delaware limited liability company. The lease term began on April 1, 2015 and will terminate on June 30, 2021. The Company has the option to renew the lease for a period of four (4) to six (6) years.

4. With Imperial Valley Farms, LLC, a Delaware limited liability company. The lease term began on April 1, 2015 and will terminate on June 30, 2021. The Company has the option to renew the lease for a period of four (4) to six (6) years.

In 2014, the Company signed a land lease contract with Albert Rodriguez and Raul Rodriguez for organic farm ground (35 acres) at Westmorland, California. The lease term began on August 15, 2014 and will terminate on August 15, 2019. This Company has an option to renew for an additional 5 years.

Note 15 - Commitments and contingencies *(continued)*

During the nine months ended September 30, 2015, the Company signed two (2) irrigation pipe rental agreements. Both agreements are for five (5) years.

On August 17, 2015, the Company finalized a Growing and Crop Management Agreement with an established farmer. Under this agreement, the Company committed to pay approximately $4.1 million (US$3.1 million) over the one (1) year term of the agreement. The agreement provides equipment and labor to farm on approximately 900 acres in Imperial Valley. As at September 30, 2015 the Company has paid $733,975 (US$550,000) and an additional $333,625 (US$250,000) was paid in October 2015.

During the three months ended September 30, 2015, the Company signed a one (1) year Growing and Crop Management Agreement covering 902 acres in Imperial Valley.

As at June 30, 2014, the Company did not have any operating lease commitments.

The Company's operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain purchase options or escalation clauses or any restrictions regarding dividends, further leasing or additional debt.

b) Memorandum of Understanding and settlement with Bornt & Sons, Inc.

On March 12, 2014, the Company announced the signing of a Memorandum of Understanding ("MOU") with Bornt & Sons, Inc. ("Bornt"), a US based organic farming organization. In accordance with the MOU, the Company created Captiva Verde Farming Corp ("Verde"). In accordance with the MOU, Captiva's CEO and Greenbriar executed land leases with the Company for a total of 439 acres (Note 11a) and there has been a further commitment of another 65 acres for a total of 504 acres. Bornt earmarked an additional 15 fields (approximately 1,000 acres) for the Company which were to be subleased to the Company under various payment terms. Bornt began cultivation during the quarter. Subject to shareholder and regulatory approval, the MOU committed Captiva to issue 40 million performance based earn-out shares to various members of the current Captiva management team and the Bornt management team. The shares were to be issued at the rate of one (1) share per US $0.25 (twenty-five cents) of gross farm operating income ("GFOI"). The shares were to be divided to multiple non-related parties and therefore no controlling shareholders would be created. This transaction, in management's opinion, would neither be a reverse takeover nor a change of business. GFOI was defined as net farm receipts minus direct farm operating expenses.

In June 2014 a dispute arose in the course of business between the Company and Bornt and on July 23, 2014, Bornt commenced legal action, claiming Breach of Contract on the MOU, misappropriation of trade secrets and other related matters. On July 24, 2014, the Company followed with its detailed claim against Bornt of US$6.75 million requesting the court to enforce the terms of the MOU whereby Bornt would sublease the earmarked Captiva lands to Verde and all revenues and expenses related to those lands would be to the account of Verde. The parties reached a settlement agreement in early May 2015 that resolved all claims and disputes between them to avoid further costs, uncertainty and considerable distractions involved in the litigation of the disputed claims. The net cost of the settlement to the Company was estimated to be $1,279,356 and the full amount was recorded as an expense in the fifteen month period ended December 31, 2014. The litigation settlement was finalized in May 2015 and an additional cost of $117,936 was recorded in the second quarter to account for additional third party legal costs.

c) Legal fees under dispute

In connection with the legal action described in note 12c the Company incurred legal fees as part of its initial defense. The Company did not sign an engagement letter for the services. In the Company's opinion, the initial services provided were counterproductive and not of the standard expected by the Company. The Company paid a significant portion of the fees incurred and decided to change law firms. The Company received additional invoices totaling approximately US$207,000 for services not requested from the initial law firm. The Company has not recorded these invoices in accounts payable and accrued liabilities as at June 30, 2015.

Note 15 - Commitments and contingencies *(continued)*

d) Withholding tax contingency

The Company remunerates some officers, directors, and other individuals by way of consulting fees. If certain of these individuals were deemed to be employees of the Company, as opposed to consultants, then the Company could be contingently liable for employer related withholdings and costs.

Note 16 - Related Party Transactions

a. During the three month period ended September 30, 2015, the Company closed a 6% convertible debenture agreement with Chris Thompson, the Chief Financial Officer of the Company in the principal amount of $50,000. The principal and any accrued and unpaid interest under the Debenture are unsecured and convertible on or before July 16, 2017, at the holder's option, into fully paid and non-assessable Units at a conversion price of $0.26 with respect to the principal and any accrued and unpaid interest. Mr. Thompson also participated in the September 2015 private placement of which $104,000 was not received by the Company until the first week of October 2015 so the amount has been recorded as Subscription receivable.

b. During the nine month period ended September 30, 2015, the Company closed a 6% convertible debenture agreement with Michael Boyd, a Director for the Company in the principal amount of $125,000. The principal and any accrued and unpaid interest under the Debenture are unsecured and convertible on or before June 30, 2017, at the holder's option, into fully paid and non-assessable Units at a conversion price of $0.26 with respect to the principal and any accrued and unpaid interest.

c. During the three months ended June 30, 2014, the Company contracted certain land lease expenses to Greenbriar in the amount of US$89,730 and for the nine months ended June 30, 2014 were US$149,730. Jeffrey J. Ciachurski who is the President, Chief Executive Officer ("CEO") and director for the Company is also the CEO and a director for Greenbriar. As at September 30, 2015, $nil (as at June 30, 2014 - US$9,762) is owing.

d. During the three months ended June 30, 2014, the Company contracted certain land lease expenses to Jeffrey J. Ciachurski who is the President, CEO and director for the Company in the amount of US$258,540 and for the nine months ended June 30, 2014 was US$258,540). A further US$266,880 was paid later in 2014 as prepayment of a lease extension for a total lease term of six (6) years. As at September 30, 2015, $nil (as at June 30, 2014, US$43,786) is owing.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Note 17 - Comparative Figures

Certain of the comparative figures have been reclassified to conform to current year presentation

Note 18 - Subsequent events

a) Private Placements

(i) On November 5, 2015, the Company closed the non-brokered private placement of units of the Company (the "Units") at $0.40 per Unit (the "Offering") for net proceeds of $2,000,000. The closing consisted of 5,000,000 Units. Each Unit consisted of one common share in the capital of the Company (each a "Share") plus one-half of one common share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase one additional Share at a price of $0.50 per Share until November 5, 2016. At the time of the Private Placement, $492,143 was ascribed to the Warrants using the Black-Scholes fair value pricing model based on a risk free rate of 0.62%, expected volatility of 148.5% and an expected life of one (1) year.

(ii) During the period from November 5, 2015 to November 27 2015, the Company obtained signed Subscription Agreements for the issuance of 3,023,000 Units (the "Units") at $0.408 per Unit for gross proceeds of $1,233,384. Each Unit consists of one common share in the capital of the Company (a "Share") and one half of one common share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase one additional common Share at a price of $0.50 per Share within one (1) year of the shares being issued.

b) Stock Options

On October 27, 2015, the Company granted an aggregate of 1,950,000 incentive stock options (the "Options") in accordance with the Company's stock option plan to Board members and consultants of the Company. Each Option, vesting immediately upon grant, entitles the holder to purchase one common share of the Company at a price of $0.56 per share until October 27, 2020. The fair value of these options granted is estimated to be $765,098 and will be recorded as stock-based compensation expense during the fourth (4th) quarter 2015.

c) Further subsequent events

Subsequent to September 30, 2015, the company purchased additional vehicles for an aggregate total of $213,920 (US$160,300).

Board of Directors

Morris Perlis (Chairman)
Allan Silber*/**
Jeffrey J. Ciachurski
Michael Boyd*/**
Ross O. Drysdale*/**

*Audit Committee
**Compensation and Governance Committee

Officers

Jeffrey J. Ciachurski, President and Chief Executive Officer
Chris Thompson, Chief Financial Officer
David Pratt, Chief Operating Officer

Registered Office

Captiva Verde Industries Ltd.

Royal Centre, 1055 W. Georgia Street,
Suite 1500 PO Box 11117
Vancouver, BC V6E 4N7

Stock Exchange Listing

CNSX -CSE
Trading Symbol: VEG

Class A Common Shares
Issued and Outstanding: 51,205,138

Auditors

MNP LLP
Suite 1500, 640-5th Avenue S.W.
Calgary, Alberta T2P 3G4

Registrar and Transfer Agent

Olympia Trust Company
2300, 125 – 9th Avenue S.E.
Calgary, Alberta T2G 0P6

For further Corporate Information please contact:

Jeffrey J. Ciachurski, President and Chief Executive Officer
Telephone: 1-949-903-5906
Email: westernwind@shaw.ca

Ross O. Drysdale, Director
Telephone: 1-403-585-3737
Email: ross@drysdalelaw.com

The accompanying notes are an integral part of these condensed consolidated interim financial statements.