CAPTIVA VERDE INDUSTRIES LTD.

(formerly Arrowhead Water Products Ltd.)

Management's Discussion and Analysis

For the three months ended March 31, 2015

and the three months ended December 31, 2013

Form 51 102F1

CAPTIVA VERDE INDUSTRIES LTD.
MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")
Form 51-102F1
For the three months ended March 31, 2015
and the three months ended December 31, 2013

May 27, 2015

1. Overview

The following management discussion and analysis ("MD&A") of the financial position and results of operations of Captiva Verde Industries Ltd. ("Captiva" or the "Company") has been prepared by management and reviewed and approved by the Board of Directors of Captiva on May 27, 2015. The discussion and analysis is a review of the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2015. The statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The Company transitioned to IFRS on October 1, 2011 (the "Transition Date"), which required, for comparative purposes, the restatement of amounts reported on the Company's opening IFRS statement of financial position as at October 1, 2010 and amounts reported by the Corporation for the year ended in 2011. All financial information preceding October 1, 2010 has been prepared in accordance with Canadian Generally Acceptable Accounting Principles ("GAAP"). All required IFRS to GAAP reconciliations for the adoption of IFRS has been provided in the audited annual financial statements dated September 30, 2012. The March 31, 2015 unaudited condensed consolidated interim financial statements and MD&A are reported in Canadian dollars unless otherwise stated.

The unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2015, and three month period ended December 31, 2013, include the accounts of the Company and its wholly-owned subsidiaries, 1353062 Alberta Ltd. and Captiva Verde Farming Corp. (collectively, "Captiva" or the "Company"). The unaudited condensed consolidated interim financial statements of the Company were authorized for issue by the Board of Directors on May 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.

The discontinued operations (formerly Arrowhead Products Ltd), along with its subsidiary has been shown in Note 6 of the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2015 and the three month period ended December 31, 2013 and also here in the MD&A in Note 6 below.

The focus of the MD&A is primarily a comparison of the financial performance for the three months ended March 31, 2015, and the three months ended December 31, 2013, and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and accompanying notes prepared under IFRS for the three months ended March 31, 2015 and three months ended December 31, 2013, and should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes prepared under IFRS for the fifteen month period ended December 31, 2014. The Company's management is responsible for the information disclosed in this MD&A and the accompanying unaudited condensed consolidated interim financial statements and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. In addition, the Company's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by the Company.

The Company's management is responsible for the information disclosed in this MD&A and the accompanying unaudited condensed consolidated interim financial statements and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. In addition, the Company's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by the Company. The MD&A has been prepared as of May 27, 2015. The reader should be aware that historical results are not necessarily indicative of future performance. Additional information regarding the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. This MD&A incorporates information up to and including May 27, 2015. The reporting and measurement currency is the Canadian dollar.

2. Advisory Regarding Forward-Looking Statements and Information

Certain statements included or incorporated by reference in the MD&A constitute forward-looking statements or forward-looking information under applicable securities legislation. Forward-looking statements are based on the estimates and opinions of Captiva's management at the time the statements were made. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "plan", "should", "believe" and similar expressions are intended to identify forward-looking statements and forward-looking information including, but not limited to, statements as to: future capital expenditures, including the amount and nature thereof; business strategy; and expansion and growth of the Company's business and operations. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements or information. The Company believes that the expectations reflected in those forward-looking statements and forward-looking information are reasonable but no assurance can be given that these expectations, or the assumptions underlying these expectations, will prove to be correct and such forward-looking statements and forward-looking information included in this MD&A should not be unduly relied upon. Such forward-looking statements and forward-looking information speak only as of the date of this MD&A and the Company does not undertake any obligation to publicly update or revise forward-looking statements or forward-looking information, except as required by applicable laws. Any forward-looking statements or forward-looking information previously made may be inaccurate now. All subsequent forward-looking statements and forward-looking information, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

3. Corporate Developments

Change in Financial Year-end

The Board of Directors approved a change of year end from September 30 to December 31 and on September 5, 2014 the Company filed a Notice of Change in Year-End in accordance with Section 4.8 of National Instrument 51-102 changing its financial year-end from September 30, to December 31. This change in year-end allows the Company to be synchronous with the financial year-end of its peers in the industry in which the Company operates. Accordingly, this MD&A reflects the financial results for the three months ended March 31, 2015, and the three months ended December 31, 2013, which was the first quarter in the fifteen months ended December 31, 2014. Due to the difference in the months covered by these periods, not all financial information may be meaningfully comparables.*

Loss on Settlement of Dispute

On March 12, 2014, the Company announced the signing of a Memorandum of Understanding ("MOU") with Bornt & Sons, Inc. (“Bornt”), a large 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 Capital Corp (“Greenbriar”) executed land leases with the Company for a total of 439 acres and there has been a further commitment for another 65 acres for a total of 504 acres. Bornt earmarked an additional 15 fields (approximately 1,000 acres) for the Company which was to be subleased to the Company under various payment terms. Bornt began cultivation shortly thereafter. 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. On July 23, 2014, Bornt commenced legal action against the Company and its officers, 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.

*This paragraph contains forward looking information. Please refer to "Advisory Regarding Forward Looking Statements and Information" and "Risk Management" for a discussion of the risks and uncertainties related to such information

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 is estimated to be $1,279,356 and the full amount was recorded as an expense in the months ended December 31, 2014. Under the terms of the fully executed settlement agreements, the Company did not incur any additional net costs for the three months ended March 31, 2015, nor does it anticipate any further net costs regarding this dispute.*

Additional capital

On February 6, 2015, the Company completed a non-broker Private Placement with gross proceeds of $158,250. The closing consisted of 633,000 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 until February 6, 2016. At the time of the Private Placement, $38,057 was ascribed to the Warrants using the Black-Scholes fair value pricing model. In connection with this Private Placement, the Company paid finder’s fees to Global Securities Corp. (the “Finder”) as follows: (i) a cash commission of $5,235 being 6% of a portion of the aggregate proceeds from the sale of Units to purchasers introduced by the Finder; and (ii) warrants (the “Finder’s Warrants”) to acquire a total of 20,940 Shares, being 6% of the number of Units sold under the Offering to purchasers introduced by the Finder. Each Finder’s Warrant entitles the Finder to purchase one Share at a price of $0.30 per Share until February 6, 2016. An additional $2,518 was ascribed to the Warrants using the Black-Scholes fair value pricing model. All securities issued under the Offering are subject to a statutory hold period ending on June 7, 2015 in accordance with applicable Canadian securities laws.

During the period from April 1, 2015 to May 27, 2015, the Company obtained signed Subscription Agreements for the issuance of 4,320,000 Units for gross proceeds of $1,080,000. From these Subscription Agreements, the Company has received $1,015,000 (representing 4,060,000 units) into a legal trust account or direct deposits. From the trust account or direct deposits, the Company has received gross proceeds of $950,000 directly to its bank accounts. 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 $0.30 per Share within one (1) year of the shares being issued.

4. Company Marketing and Production

As at May 21, 2015, the Company, through Verde, its US subsidiary, has executed direct leases for a total of 474 acres of land for organic farming.

Captiva plans to acquire additional farm leases and add to the value chain by providing the US and Canadian markets with much needed, organically grown leaf vegetables. Organic green leaf vegetable production cannot meet current consumer demand. The Company’s strategic farm plan is to have various locations in the southwest United States, each having between two (2) and four (4) crops per calendar year. Currently, the Company is negotiating leases of an additional 2,600 acres and will make announcements upon the completion of these parcels.*

5. Overall Performance

Highlights below are the results of the continuing operations for the three months ended March 31, 2015 compared to the three months ended December 31, 2013.

- Total general and administrative expenses increased by 187% to $125,433 from $43,774.
- Total development costs decreased by 75.6% to $65,736 from $269,923.
- The operating loss was $37,538 compared to $313,697.
- Net loss from continuing operations was $29,790 compared to a loss of $313,697.
- Net loss of $29,790 compared to a net loss of $319,056.

*This paragraph contains forward looking information. Please refer to "Advisory Regarding Forward Looking Statements and Information" and "Risk Management" for a discussion of the risks and uncertainties related to such information

Balance Sheet highlights as at March 31, 2015 compared to December 31, 2014:

- Cash and cash equivalents increased to $14,481 from $13,803.
- Working capital ratio decreased to 0.56 to 1 from 0.58 to 1.
- Total assets increased 15% to $1,300,668 from $1,128,295.
- Shareholders equity decreased 6% to $453,059 from $481,521

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, 2014. The royalties associated with the sale were terminated as at December 31, 2013 and have been paid in full.

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

Accounts receivable	$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 March 31, 2015		For the 3 months ended December 31, 2013
Revenue		**$**	**-**	$	8,047
Cost of sales			**-**		-
Gross profit			**-**		8,047
Expenses					
General and administrative			**-**		13,406
			-		(13,406)
Loss from discontinued operations			**-**		(5,359)
Loss and comprehensive loss from discontinued operations for the period		**$**	**-**		(5,359)
Earnings per Share-basic and diluted	**11d**		**0.00**		(0.00)

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

Cash Flow from Discontinued operations

	For the 3 months ended March 31, 2015	For the 3 months ended December 31, 2013
Cash provided by (used for):		
OPERATING ACTIVITIES		
Net Income	$ -	$ (5,359)
	-	(5,359)
Changes in non-cash working capital	-	(69,636)
Discontinued operations relating to operating activities	**-**	**(74,955)**
INVESTING ACTIVITIES		
Discontinued operations relating to investing activities	**-**	**-**
FINANCING ACTIVITIES		
Discontinued operations relating to financing activities	**-**	**-**
DECREASE IN CASH	**-**	**(74,955)**

7. Selected Financial Information

The following tables contain selected financial information for the continuing operations of the Company.

Consolidated Statement of Financial Position

As at *(in Canadian $)*	**March 31, 2015** **unaudited**	**December 31, 2014** **audited**
Assets		
Current assets	**$ 474,470**	$ 376,977
Long term assets	**826,199**	751,318
	1,300,668	**1,128,295**
Liabilities & Equity		
Current liabilities	**847,610**	647,188
Equity	**453,058**	481,107
	$ 1,300,668	**$ 1,128,295**

	Q1 2015	Q5 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Operations									
Revenue	-	-	-	-	-	-	-	-	-
Income (loss) from operations	(37,538)	(1,029,395)	(634,474)	13,535	(675,463)	(317,988)	(21,861)	(58,386)	(62,246)
Basic loss per share	(0.00)	(0.05)	(0.03)	0.00	(0.03)	(0.02)	0.00	0.00	0.00
Net Income (loss) and comprehensive income (loss)	(29,790)	(1,063,727)	(626,839)	27,031	(675,463)	(317,988)	(21,861)	(58,386)	(62,246)
Basic per share	(0.00)	(0.05)	(0.03)	0.00	(0.03)	(0.02)	0.00	0.00	0.00
Basic number of shares outstanding	21,253,662	20,880,895	19,566,746	19,705,870	19,492,229	18,187,881	14,492,229	14,492,229	14,492,229
Discontinued Operations									
Revenue	-	-	-	-	-	$8,047	$10,164	$13,054	$556,076
Income (loss) from operations	-	-	15,000	21,622	-	47	22,816	(5,625)	(178,932)
Basic loss per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Net Income (loss) and comprehensive income (loss)	-	-	15,000	21,622	-	47	22,816	4,574	1,055,879
Bassic per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07
Basic number of shares outstanding	21,253,662	20,880,895	19,566,74	19,705,870	19,492,229	18,187,881	14,492,229	14,492,229	14,492,229

	For the 3 months ended March 31, 2015	For the 3 months ended December 31, 2013
Expenses		
General and administrative	**$ 125,433**	$ 43,774
Development costs	**65,736**	269,923
Marketing costs	**28,866**	-
Other operating costs	**15,486**	-
Foreign exchange gain	**(197,983)**	-
	37,538	313,697
Operating loss	**(37,538)**	(313,697)
Other income		
Interest income	**7,748**	-
Loss from continuing operations	**(29,790)**	(313,697)
Loss from discontinued operations (Note 6)	**-**	(5,359)
Net loss for the period	**(29,790)**	(319,056)

Other comprehensive loss				
Foreign currency translation adjustment		**(151,274)**		**-**
Total comprehensive loss for the period	**$**	**(181,064)**	$	(319,056)
(Loss) Earnings per Share-basic and diluted (note 11d)		**(0.00)**		(0.02)

8. Revenues

The Company's revenues from operations will be derived from the harvesting and selling of organic vegetables. During the three months ended March 31, 2015 and three months ended December 31, 2013, the company recorded $nil in revenues from continuing operations.

9. Cost of Sales, Gross Profits and Gross Margins

	Q1 2015	**Q5 2014**	**Q4 2014**	**Q3 2014**	**Q2 2014**	**Q1 2014**	**Q4 2013**	**Q3 2013**	**Q2 2013**
Continuing Operations									
Revenue	-	-	-	-	-	-	-	-	-
COGS	-	-	-	-	-	-	-	-	-
Gross Margin	-	-	-	-	-	-	-	-	-
Gross Margin %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Discontinued Operations									
Revenue	-	-	-	-	-	$8,047	$10,164	$13,054	$556,075
COGS	-	-	-	-	-	-	6,940	341	538,848
Gross Margin	-	-	-	-	-	8,047	3,224	12,713	17,227
Gross Margin %	0.0%	0.0%	0.0%	0.0%	0.0%	100.%	31.7%	97.4%	3.1%

Cost of sales ("COS") recorded for the three months ended March 31, 2015 and the three months ended December 31, 2013, were $nil for continuing operations for the Company.

Included in COS will be all costs associated with bringing a crop to the processing plant. These costs would include all seasonal and monthly land preparation costs like rent, cultipacking, soil analysis, listing, stubble disc, and all growing costs like irrigation, cultivation, fertilization and planting and all harvest and shipping costs.

Expenses that have occurred before harvests and realized revenues are shown in Inventory as work in progress.
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10. General and Administrative Expenses

		3 months ended March 31, 2014		3 months ended December 31, 2013
Professional fees	$	32,862	$	20,950
Management fees		76,380		10,500
Public Company costs		2,120		3,029
Travel and entertainment		9,841		-
Insurance, licence, and business		-		3,830
Telephone		362		2,667
Service fees and interest		2,037		2,215
Miscellaneous		537		(223)
Computer support and maintenance		397		397
Office		898		409
	$	**125,433**	**$**	**43,774**

For the three months ended March 31, 2015, general and administrative expenses ("G&A") increased by 187% to $125,433 from $43,774 when compared to the three months ended December 31, 2013. With the Company now engaged fully in the farming industry, and with the creation of the new Company, sub company, new business and private placements, the Company will experience higher G&A costs in the future.* The Company has experienced higher than normal professional fees. Professional fees increased by 57% or $11,912 when compared to December 31, 2013 shown as follows:

		3 months ended March 31, 2015	*3 months ended December 31, 2013*
Legal	*$*	*20,862*	*8,950*
Auditing		*12,000*	*12,000*
		32,862	***20,950***

With the company hiring a new CEO, and CFO, and incurring other personnel costs, management fees increased by 627%, or $65,880 to $76,380 during the three months ended March 31, 2015 when compared to the three months ended December 31, 2013.

During the three months ended March 31, 2015 the Company picked up additional costs in Travel costs and Office costs and there were savings in Public Company costs, Telephone, and insurance expenses when compared to the three months ended December 31, 2013.

11. Development Costs

For the three months ended March 31, 2015, the Company recorded $65,736 in development costs primarily related to the costs of the newly hired Chief Operating Officer who has been actively pursuing land leases and the future purchase of farm equipment and supplies that will generate future revenue for the Company. During the three months ended December 31, 2013, the company was engaged in reviewing all types of businesses and development costs for the three months ended December 31, 2013 were 269,923. These costs were subsequently picked up by Green Matters. For more information, see Note 9 of the unaudited condensed interim financial statements ended March 31, 2015.

*This paragraph contains forward looking information. Please refer to "Advisory Regarding Forward Looking Statements and Information" and "Risk Management" for a discussion of the risks and uncertainties related to such information.

12. Marketing Costs

For the three months ended March 31, 2015, the Company recorded $28,866 in marketing costs, compared to $nil for the three months ended December 31, 2013. These costs were primarily related to consulting fees incurred to nurture strong relationships with organic produce processors who are expected to be the Company's future customers.*

13. Other Operating Costs

Other operating costs include rent obligations on land leases that are not expected to be under production for the foreseeable future. These expenses for the three months ended March 31, 2015 were $15,486 compared to $nil for the three months ended December 31, 2013.

14. Foreign Exchange

With the Company being engaged in farming in southwest US, the Company will experience foreign exchange fluctuations which affect the Company's financial results. During the three months ended March 31, 2015, the Company gained $197,983 whereas the three months ended December 31, 2013 gained $nil. The March 31, 2015 unaudited condensed consolidated interim financial statements and MD&A are reported in Canadian dollars unless otherwise stated.*

15. Share-based Compensation

The Company recognizes compensation expense when stock options are granted under the fair value method. The fair value of stock options is determined using the Black-Scholes option-pricing model. This expense is a non-cash expense, the cumulative effect of which is reflected in contributed surplus on the statement of financial position. The Company has a stock option plan (the "Plan") available to officers, directors, employees and consultants 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 Common Share of the Company. On March 17, 2014, the Shareholders of the Company also approved the amended rolling stock option plan of the Company, subject to such modifications as may be required by the TSXV. During the three months ended March 31, 2015, the Company issued nil (for the three months ended December 31, 2013, nil) options to the directors and a consultant of the Company. For further details on the stock-based compensation calculations, refer to note 11(e) of the unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2015.

16. Operating Loss

For the three months ended March 31, 2015, the Company had an operating loss of $37,538 primarily due to a gain in foreign exchange of $197,983 compared to an operating loss of $313,697 for the three months ended December 31, 2013, which included $269,923 in development costs.

17. Loss Income

For the three months ended March 31, 2015, the Company had a loss from continuing operations of $29,790 compared to a loss from continuing operations of $313,697 over the three months ended December 31, 2013,

For discontinued operations during the three months ended March 31, 2015, the Company had a $nil loss compared to a loss of $5,359 for the three months ended December 31, 2013.

18. Total Comprehensive (loss) Income

The total comprehensive loss for the three months ended March 31, 2015 was $181,064 compared to a loss of $319,056 for the three months ended December 31, 2013.

*This paragraph contains forward looking information. Please refer to "Advisory Regarding Forward Looking Statements and Information" and "Risk Management" for a discussion of the risks and uncertainties related to such information.

19. Working Capital

For the three months ended March 31, 2015, the Company's working capital ratio decreased to 0.56 to 1 from 0.58 to 1, as at December 31, 2014. As at March 31, 2015, the Company had cash and cash equivalents of approximately $14,481 whereas at December 31, 2014, the Company had cash and cash equivalents of $13,803.

Management believes with the cash on hand, and the Company's ability to raise capital, that it will have sufficient working capital to meet the Company's current and future cash needs and contractual obligations.*

During the fifteen months ended December 31, 2014, the Company entered into a long term land lease agreement and is committed to the future land lease payments as follows:

2015	$	13,781
2016		19,906
2017		21,656
2018		22,750
2019		14,219
Thereafter		-

The Company does not have any further operating lease commitments other than above as of March 31, 2015, and did not have any operating lease commitments as of December 31, 2013. During the fifteen month period ended December 31, 2014, the Company entered into operating leases that called for upfront lease payments and are being shown as current and long-term deposits.

20. Financial Instruments

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the statement of financial position sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Financial instruments of the Company consist of cash, accounts receivable, long-term note receivable, bank indebtedness, accounts payable and accrued liabilities and long-term debt.

	Unaudited March 31, 2015		**Audited December 31, 2014**	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Held-for-trading				
Cash	$ 14,481	$ 14,481	$ 13,803	$ 13,803
Loans and receivable				
Accounts receivable	37,566	37,566	36,668	36,668
Note receivable	318,905	318,905	318,905	318,905
Liabilities				
Accounts payable and accrued liabilities	847,610	847,610	647,188	647,188

The Company classifies fair value measurements recognized in the balance sheet using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Company to develop its own assumptions.

*This paragraph contains forward looking information. Please refer to "Advisory Regarding Forward Looking Statements and Information" and "Risk Management" for a discussion of the risks and uncertainties related to such information.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy. Cash is measured using level 1 inputs.

21. Liquidity and Capital Resources

The Company as at March 31, 2015 had cash and cash equivalents of approximately $14,481 whereas at December 31, 2014, the Company had cash and cash equivalents of $13,803.

For the three month period ended March 31, 2015, the Company has a total comprehensive loss for the period of $181,064 and negative cash flows from operating activities of $77,457 and a cash balance at March 31, 2015 of $14,481. 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 financing; however, there are no assurances that any such financing can be obtained on favorable terms, if at all.

The Company has demonstrated its ability to raise addition capital through the issuance of equity and will be doing so again in the near future. Management believes with the cash on hand, and the ability to raise capital, that it will have sufficient working capital to meet the Company's current and future cash needs and contractual obligations.*

On February 6, 2015, the Company completed a non-broker Private Placement with gross proceeds of $158,250. The closing consisted of 633,000 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 until February 6, 2016. At the time of the Private Placement, $38,057 was ascribed to the Warrants using the Black-Scholes fair value pricing model. In connection with this Private Placement, the Company paid finder's fees to Global Securities Corp. (the "Finder") as follows: (i) a cash commission of $5,235 being 6% of a portion of the aggregate proceeds from the sale of Units to purchasers introduced by the Finder; and (ii) warrants (the "Finder's Warrants") to acquire a total of 20,940 Shares, being 6% of the number of Units sold under the Offering to purchasers introduced by the Finder. Each Finder's Warrant entitles the Finder to purchase one Share at a price of $0.30 per Share until February 6, 2016. An additional $2,518 was ascribed to the Warrants using the Black-Scholes fair value pricing model. All securities issued under the Offering are subject to a statutory hold period ending on June 7, 2015 in accordance with applicable Canadian securities laws.

During the period from April 1, 2015 to May 27, 2015, the Company obtained signed Subscription Agreements for the issuance of 4,320,000 Units for gross proceeds of $1,080,000. From these Subscription Agreements, the Company has received $1,015,000 (representing 4,060,000 units) into a legal trust account or direct deposits. From the trust account or direct deposits, the Company has received gross proceeds of $950,000 directly to its bank accounts. 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 $0.30 per Share within one (1) year of the shares being issued.

22. Capital Spending

During the three months ended, the Company invested $55,680 in land improvements whereas $nil for the three months ended December 31, 2013.

23. Off Balance-Sheet Arrangements

The Company has no off balance-sheet arrangements.

*This paragraph contains forward looking information. Please refer to "Advisory Regarding Forward Looking Statements and Information" and "Risk Management" for a discussion of the risks and uncertainties related to such information.

24. Transactions with Related Parties

The Company contracted certain legal services with a Director through his law firm, Ross O. Drysdale Professional Corporation. Legal expenses incurred during the quarter ended March 31, 2015 were $nil (three months ended December 31, 2013 were $8,950). As at March 31, 2015, $nil (2013 - $nil) 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.

25. Outstanding Share Data

As at March 31, 2015, the Company had 21,513,895 Class A Common Shares, 1,900,000 stock options and 2,029,825 Warrants to acquire Class A Common Shares, issued and outstanding.

As at December 31, 2014, the Company had 20,880,895 Class A Common Shares , 1,900,00 stock options and 1,692,385 Warrants to acquire Class A Common Shares, issued and outstanding.

26. Recent Accounting Pronouncements

At the date of authorization of these consolidated 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 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 interim financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's unaudited condensed consolidated interim 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 Company'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. Application of IFRS 9 is mandatory for financial periods beginning on or after January 1, 2013. 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.

27. Disclosure Controls and Procedures

The Company has established disclosure controls and procedures for the timely and accurate preparation of financial and other reports. The Chief Executive Officer and the Chief Financial Officer, after evaluating the effectiveness of the disclosure controls and procedures (as defined in applicable Canadian securities laws) of the Company as of March 31, 2015, have concluded that the Company's disclosure controls and procedures are effective to ensure that all information required to be disclosed by the Company in reports that it files or furnishes under applicable Canadian securities laws is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Canadian securities regulatory authorities and (ii) accumulated and communicated to the Company's management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure. It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that the disclosure controls and procedures will provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met.*

*This paragraph contains forward looking information. Please refer to "Advisory Regarding Forward Looking Statements and Information" and "Risk Management" for a discussion of the risks and uncertainties related to such information.

28. Risk Management

Business Risks: Activity in the farming business is subject to a range of external factors that are difficult to actively manage, including weather, governmental regulations commodity pricing, cost of fuel, operating and labour costs and changes in consumer demands. The Company plans to mitigate these risks by creating a strong balance sheet and remaining responsive to changes in industry dynamics. The Company will have a comprehensive insurance policy to help safeguard its assets, operations and employees. This is reviewed annually and revised as changes in circumstances warrant.*

Credit Risks: The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company maintains cash deposits with Schedule A financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Liquidity Risks: During the three months ended March 31, 2015, the Company had a net loss of $29,790 and negative cash flows from operating activities of $77,457 and a cash balance as at March 31, 2015 of $14,48. 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 financing; however, there are no assurances that any such financing can be obtained on favorable terms, if at all.*

Currency Risk: With the Company being engaged in farming in southwest US, the Company will experience foreign exchange. Foreign exchange risk arises due to fluctuations in foreign currency rates, which could affect the Company's financial results.*

NEX Listing: The Company is currently trading on the NEX Board of the TSXV as it was inactive for a period of time. The Company is now in the organic farming business and is considering either recommencing trading on the TSXV or the Canadian Securities Exchange (the "CSE"), subject to shareholder, TSXV and/or CSE approval. As a result, investment in the Common Shares of the Company must be regarded as highly speculative.

29. Changes in Internal Control Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The design of the internal control over financial reporting was assessed as of March 31, 2015, and during this process, management did not identify any material weaknesses in internal controls over financial reporting which it had not disclosed already.*

30. Management's Responsibility for the Company's Financial Statements

The management of Captiva is responsible for the integrity of the accompanying financial statements, which have been prepared by management in accordance with the new guidelines under IFRS. The preparation of the financial statements necessarily involves the use of estimates and careful judgment, particularly in those circumstances where transactions affecting a current period are dependent upon further events. All financial information presented in this MD&A is consistent with the financial statements. To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control that provide reasonable assurance that the financial records are reliable
and form a proper basis for the timely and accurate preparation of financial statements. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits.* The Board of Directors discharges its responsibilities with respect to the financial statements primarily through the activities of its Audit Committee, which is comprised of all directors who are not employees of the Company. The Audit Committee has met with management to review the Company's reported financial performance and to discuss audit, internal control, accounting policy and financial reporting matters. The March 31, 2015 unaudited condensed interim financial statements were reviewed by the Audit Committee and approved by the Board of Directors on May 27, 2015.*

*This paragraph contains forward looking information. Please refer to "Advisory Regarding Forward Looking Statements and Information" and "Risk Management" for a discussion of the risks and uncertainties related to such information.

31. Commitments and Contingencies

<u>Operating Lease Commitments</u>

During the fifteen month period ending December 31, 2015, the Company entered into long term land lease agreements and is committed to the future land lease payments as follows:

2015	$	13,781
2016		19,906
2017		21,656
2018		22,750
2019		14,219
Thereafter		-

There were no operating commitments signed during the three months ended March 31, 2015, nor for the six month period ended March 31, 2014.

In fiscal 2014, the Company signed a land lease contract with Jeff Ciachurski for organic farm ground (278.64 acres) at 19252 Highline Road, Tehachapi, County of Kern, California. The lease term began on April 1, 2014 and will terminate on March 31, 2020. This lease shall automatically renew for an additional period of 3 years. The Company made a total payment in advance for the ten year lease of US$525,420 (CAD $609,540).

In fiscal 2014, the Company signed a land lease contract with Greenbriar Capital (US) LLC for organic farm ground (160.88 acres) at Cummings Valley Blvd, Tehachapi, County of Kern, California. The lease term began on April 1, 2014 and will terminate on March 31, 2017. This lease shall automatically renew for an additional period of 3 years. The Company made a total payment in advance for the ten year lease of US $149,730 (CAD $173,702).

In fiscal 2014, the Company signed a land lease contract with Albert Rodriguez and Raul Rodriguez for organic farm ground (35 acres) at P.O. Box 368, Westmorland, California. The lease term began on August 15, 2014 and will terminate on August 15, 2019. This Company has an option to renew an additional 5 years.

The Corporation'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.

In connection with the legal action described above, 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 March 31, 2015.

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.

32. Subsequent Event

During the period from April 1, 2015 to May 27, 2015, the Company obtained signed Subscription Agreements for the issuance of 4,320,000 Units for gross proceeds of $1,080,000. From these Subscription Agreements, the Company has received $1,015,000 (representing 4,060,000 units) into a legal trust account or direct deposits. From the trust account or direct deposits, the Company has received gross proceeds of $950,000 directly to its bank accounts. 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 $0.30 per Share within one (1) year of the shares being issued.

*This paragraph contains forward looking information. Please refer to "Advisory Regarding Forward Looking Statements and Information" and "Risk Management" for a discussion of the risks and uncertainties related to such information.

33. Additional Information

All relevant information relating to the Company is filed electronically on the System for Electronic Document Analysis and Retrieval at www.sedar.com.