BEVO AGRO INC.

Management's Discussion and Analysis
For the year ended June 30, 2015

The following is a discussion of the consolidated financial condition and results of operations of Bevo Agro Inc., (the Company) for the periods indicated and of certain factors that the Company believes may affect its prospective financial condition, cash flows and results of operations. The following discussion and analysis is prepared as at October 13, 2015, and should be read in conjunction with the Company's audited financial statements and notes thereto related to the year ended June 30, 2015. In this discussion, unless otherwise indicated, a reference to the business and operations of the Company includes the business and operations of Bevo Agro Inc. and its wholly owned active subsidiary: Bevo Farms Ltd. (Milner, B.C.). Additional information relating to the Company is available on SEDAR at www.sedar.com and the company's website at www.bevoagro.com.

Description of Business

Bevo Agro Inc. is a public corporation, incorporated on July 9, 1985, under the *Company Act* (British Columbia), which has since been replaced by the *Business Corporations Act* (British Columbia). Bevo Agro Inc. acquired 100% of the issued and outstanding shares of Bevo Farms Ltd., a B.C. company, on July 11, 2000 by way of a reverse take-over. Bevo Farms Ltd. operates 45 acres of propagation greenhouse facilities on 98 acres of land in Milner, B.C and 20 acres of land in Pitt Meadows, B.C. In general the company markets its products to established greenhouse growers, nurseries and retailers throughout North America. As the Company's business involves the cultivation and growing of plants, the business of the Company is subject to risks inherent in an agricultural business. To manage these risks, the Company grows its entire crop in climate-controlled greenhouses, and trained growing personnel continually monitor the growing conditions in the greenhouses.

The Products

Bevo Farms Ltd. propagates and provides new, vigorous, well rooted, healthy and pest free plants grown under stringent controlled conditions. The Company's main activity is the propagation of vegetable plants such as tomatoes, peppers, cucumbers, and other plants such as bedding plants, flowers and poinsettias. Bevo Farms Ltd. is a certified organic grower.

The Production Process

For the purposes of planning production, the Company selects its plant mix based on orders already received from customers. In a typical situation, the customer and the Company agree on the specific details of the propagation process of the plants to be sold, including the required age of the seedling, the desired plant variety, block space, plant spacing during the propagation stage, planting dates and delivery dates, amongst other details. Due to the nature of the product and the limited time between seeding and delivery, all details are confirmed in the sales agreement, and in a significant number of cases the Company requires a down payment.

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Based on the required delivery date, the Company calculates seeding dates, germination percentages, transplant and spacing dates and schedules and arranges packing and shipping requirements.

Separate zones within the propagation greenhouse allow for different stages of propagation and growing to be done simultaneously under stringent controlled conditions.

The process is relatively simple yet highly mechanized. The success of a crop depends largely on the attention to detail and care taken during the plant propagation process. Seeds may be provided by the individual growers according to species and genetic characteristics required by each grower. Propagation plants tend to be customer specific and individually identifiable. Utilizing various types of machinery at its facility, Bevo is able to control the combination of peat, sand, soil and fertilizers as these basic ingredients are manufactured into soil for each different plant. The selected seed is then automatically inserted into the mixture which is packaged in trays. These trays are moved into the greenhouse propagation area and placed under a daily monitoring and cultivation process that surveys temperature, moisture and fertilization requirements, amongst other things. These factors are monitored and adjusted through a computerized climate control system as scheduled. This controlled and accelerated growth process enables a healthy, disease free plant to be delivered that meets the customers' requirements.

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Overall Performance

The following table summarizes the company's overall performance for the year ended June 30, 2015, as compared with the prior year:

	2015	2014	% change
Sales	**$ 26,221,677**	$ 23,309,085	12.50%
Cost of sales	**19,420,323**	17,390,344	11.67%
Gross margin	**6,801,354**	5,918,741	14.91%
Expenses			
Selling, general and administrative expenses	**4,503,735**	4,153,847	8.42%
Income from operations	**2,297,619**	1,764,894	30.18%
Other income (expenses)			
Interest expense	**(855,814)**	(861,038)	(0.61)%
Gain on disposal of assets	**67,951**	19,389	250.46%
Income before income taxes	**1,509,756**	923,245	63.53%
Provision for income taxes - deferred	**312,200**	184,500	69.21%
Net income for the year	**1,197,556**	738,745	62.11%
Other comprehensive income:			
Gain on revaluation of land	**-**	742,500	- %
Net income and comprehensive income for the year	**1,197,556**	1,481,245	(19.15)%
Basic earnings per share	**$ 0.05**	$ 0.03	66.67%
Diluted earnings per share	**0.04**	0.03	33.33%

Sales by region			
Canada	**$ 13,281,939**	$ 11,350,802	17.01%
United States	**12,939,738**	11,958,283	8.21%
	$ 26,221,677	$ 23,309,085	12.50%

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Sales for the year ended June 30, 2015 were $26,221,677 compared to $23,309,085 in the prior year, which represents a 12.50% increase over the last year. Sales were higher as a result of new business acquired, as well as existing customers increasing their order sizes relative to last year.

Cost of sales for the year was $19,420,323 (74.06% of sales) compared to $17,390,344 (74.61% of sales) in the prior year.

Gross margin for the year was $6,801,354 (25.94% of sales) compared to $5,918,741 (25.39% of sales) the prior year. The increase in gross margin percentage was a result of lower packaging, freight and utility costs relative to sales, as well as improved labour efficiencies.

Total selling, general and administrative expenses for the year were $4,503,735 (17.18% of sales) compared to $4,153,847 (17.82% of sales) in the prior year, an increase of $349,888 (8.42%).

Interest expense for the year ended June 30, 2015 was $855,814 (3.26% of sales) compared to $861,038 (3.28% of sales) in the prior year, which represents a 0.61% decrease over the last year.

Income before taxes for the year was $1,509,756 (5.76% of sales) compared to $923,245 (3.96% of sales) in the prior year.

Net income and comprehensive income for the year were $1,197,556 (4.57% of sales) compared to $1,481,245 (6.35% of sales) in the previous year. During the previous year the Company recognized a gain on the revaluation of land in the amount of $742,500. This revaluation gain was included in other comprehensive income.

Working capital was $420,373 as at June 30, 2015 compared to $1,481,368 as at June 30, 2014. Working capital for the year was lower due to the fact that the current portion of long-term debt was higher. This is primarily a result of the payment due on July 2, 2015 for the Pitt Meadows greenhouse. While this payment will be funded by the Farm Credit Canada transition loan, accounting standards require that the payment be recorded as a current liability.

Cash flows from operating activities for the year were $3,050,464 compared to $3,466,888 in the previous year.

Cash flows from (used by) investing activities for the year were $(4,516,191) compared to $(1,663,276) in the prior year. During the year, the Company acquired $4,646,191 in property, plant and equipment compared to $1,692,103 the prior year. Of the total property, plant and equipment purchases during the year, $2,926,465 related to the purchase and preparation of the Pitt Meadows greenhouse. The remaining capital purchases were for replacements of older machinery, as well as construction of a new hardening field, reservoir and maintenance shop.

Cash flows from (used by) financing activities for the year were $1,591,513 compared to $(1,063,154) for the prior year. Cash flows from financing activities were higher as a result of advances for the Pitt Meadows greenhouse purchase, as well as a new loan acquired for the purchase of a wood grinder. During the year the Company made long-term debt payments of $1,577,021 and payments on the obligations under finance leases of $28,601.

Selected Annual Information

The following table presents selected financial information as derived from the audited financial statements of the Company.

	For the year ended June 30, 2015	For the year ended June 30, 2014	For the year ended June 30, 2013
Sales	**$ 26,221,677**	$ 23,309,085	$ 20,587,204
Net income and comprehensive income for the year	**$ 1,197,556**	$ 1,481,245	$ 184,533
-Basic earnings per share	**0.05**	0.03	0.01
-Fully diluted earnings per share	**0.04**	0.03	0.01
Total assets	**$ 41,245,223**	$ 38,414,081	$ 36,462,782
Long-term debt	**$ 17,445,815**	$ 17,165,131	$ 18,393,565
Obligations under finance leases	**13,265**	43,705	72,306
Deferred income tax liability	**1,893,299**	1,581,099	1,149,099
Long-term liabilities	**$ 19,352,379**	$ 18,789,935	$ 19,614,970
Cash dividends per share	**$ NIL**	$ NIL	$ NIL

There were no extraordinary items or discontinued operations requiring financial disclosure during the periods under review.

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Results of Operations for the year ended June 30, 2015

During the year ended June 30, 2015, the Company achieved sales of $26,221,677 compared to $23,309,085 in the prior year. Sales increased by $2,912,592 (12.50%) over the previous year, primarily due to new business acquired, as well as existing customers increasing their order sizes.

Cost of sales for the year was $19,420,323 (74.06% of sales) compared to $17,390,344 (74.61% of sales) in the prior year. Purchase costs for the year were $9,916,127 (37.82% of sales) compared to $8,369,511 (35.91% of sales) in the prior year. Purchase costs were higher primarily as a result of several propagation orders which required a higher degree of input costs. Packaging and freight costs for the year were $2,900,322 (11.06% of sales) compared to $2,667,987 (11.45% of sales) in the prior year. Labour costs for the year were $4,890,326 (18.65% of sales) compared to $4,557,899 (19.55% of sales) in the prior year. Labour costs as a percentage of sales were lower as a result of improvement in labour efficiencies. Utility costs for the year were $1,713,548 (6.53% of sales) compared to $1,794,947 (7.70% of sales) in the prior year. Utility costs were lower as a result of milder weather resulting in lower heating costs.

Gross margin for the year was $6,801,354 (25.94% of sales) compared to $5,918,741 (25.39% of sales) in the prior year.

General operating expenses for the year were $1,365,615 (5.21% of sales) compared to $1,251,056 (5.37% of sales) in the prior year. General operating expenses were higher as a result of increased repair and maintenance expenses, as well as higher building insurance costs.

Employee wages and benefits expense for the year were $1,425,111 (5.43% of sales) compared to $1,327,364 (5.69% of sales) in the prior year. Employee wages and benefits were higher as a result of additional staff hired during the year. Despite higher expenses, the expenses as a percentage of sales are lower.

Depreciation expenses increased to $1,713,009 (6.53% of sales) from $1,575,427 (6.76% of sales) in the prior year, an increase of $137,582 (8.73%). Depreciation expenses were higher as a result of increases in property, plant and equipment.

Interest expense for the year decreased to $855,814 (3.26% of sales) from $861,038 (3.69% of sales) in the prior year, a decrease of $5,224 (0.61%).

Income before taxes for the year was $1,509,756 (5.76% of sales) compared to $923,245 (3.96% of sales) in the prior year.

Provision for (recovery of) income taxes for the year was $312,200 compared to $184,500 the prior year.

Net income for the year was $1,197,556 compared to $738,745 in the previous year.

Net income and comprehensive income for the year were $1,197,556 (4.57% of sales) compared to $1,481,245 (6.35% of sales) in the previous year. The increase for last year is a result of the gain on revaluation of the land.

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Results of Operations for the three months ended June 30, 2015

	4th Quarter June 30, 2015	4th Quarter June 30, 2014	% change
Sales	**$ 11,000,578**	$ 10,826,588	1.61%
Cost of sales	**8,347,042**	8,598,128	(2.92)%
Gross margin	**2,653,536**	2,228,460	19.07%
Expenses			
Selling, general and administrative expenses	**1,349,353**	1,232,045	9.52%
Income from operations	**1,304,183**	996,415	30.89%
Other expenses			
Interest expense	**220,895**	224,045	(1.41)%
Income before income taxes	**1,083,288**	772,369	40.26%
Provision for income taxes - deferred	**201,320**	139,200	44.63%
Net income for the period	**881,968**	633,169	39.29%
Other comprehensive income:			
Gain on revaluation of land	**-**	742,500	- %
Net income and comprehensive income for the period	**881,968**	1,375,669	(35.98)%
Basic and diluted earnings per share	**$ 0.03**	$ 0.02	50.00%

Sales by region			
Canada	**$ 2,723,038**	$ 4,036,825	(32.55)%
United States	**8,277,540**	6,789,763	21.91%
	$ 11,000,578	$ 10,826,588	1.61%

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During the quarter ended June 30, 2015, sales were $11,000,578 compared to $10,826,588 in the prior year, an increase of $173,990 (1.61%). Sales were higher due to favorable weather conditions during the spring season, as well as an improvement in the USD/CAD exchange rate.

Cost of sales for the three months was $8,347,042 (75.88% of sales) compared to $8,598,128 (79.42% of sales) the prior year, a decrease of $251,086 (2.92%). Purchase costs for the three months ended were $5,612,629 (51.02% of sales) compared to $5,839,536 (53.94% of sales) the prior year, a decrease of 226,907 (3.89%). Packaging and freight costs for the three months were $1,018,504 (9.26% of sales) compared to $1,106,746 (10.22% of sales), a decrease of $88,242 (7.97%). Labour costs for the three months were $1,389,127 (12.63% of sales) compared to $1,359,714 (12.56% of sales), an increase of $29,413 (2.16%). Utility costs for the three months were $326,782 (2.97% of sales) compared to $292,132 (2.70% of sales) the prior year, an increase of $34,650 (11.86%).

Gross margin was $2,653,536 (24.12% of sales) for the quarter ended June 30, 2015, compared to $2,228,460 (20.58% of sales) for the prior year.

General operating expenses were $386,348 (3.51% of sales) compared to $360,462 (3.33% of sales) in the prior year. General operating expenses for the quarter were higher as a result of increased building insurance expenses.

Employee wage and benefit costs were $503,624 (4.58% of sales) compared to $462,581 (4.27% of sales) in the prior year.

Depreciation expense increased to $459,381 (4.18% of sales) from $409,002 (3.78% of sales), an increase of $50,379.

Interest expense decreased to $220,895 (2.01% of sales) from $224,046 (2.07% of sales).

Income before taxes for the three months ended June 30, 2015 was $1,083,288 (9.85% of sales) compared to $772,369 (7.13% of sales). Income was higher as a result of strong fourth quarter sales and lower purchase costs.

Provision for income taxes for the quarter was $201,320 compared to $139,200 the prior year.

Net income for the quarter ended June 30, 2015 was $881,968 compared to $633,169 the same period last year.

Net income and comprehensive income for the quarter were $881,968 compared to $1,375,669 in the previous year. During the previous year, the Company recognized a gain on the revaluation of land in the amount of $742,500. Land is accounted for using the revaluation model and is stated at fair values. The Company has a policy to revalue land every three years, using an external revaluation method. This revaluation gain was included in other comprehensive income.

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Summary of Quarterly Results

The following table presents selected financial information, presented in Canadian dollars for each of the last eight quarters.

	4th Quarter June 30, 2015	3rd Quarter March 31, 2015	2nd Quarter December 31, 2014	1st Quarter September 30, 2014
Sales	$ 11,000,578	$ 4,850,303	$ 6,422,391	$ 3,948,405
Net income (loss) for the quarter	881,968	504,043	12,866	(201,321)
Net income (loss) and comprehensive income (loss) for the quarter	881,968	504,043	12,866	(201,321)
-Basic earnings (loss) per share	0.03	0.02	0.00	(0.01)
-Fully diluted earnings (loss) per share	0.03	0.02	0.00	(0.01)

	4th Quarter June 30, 2014	3rd Quarter March 31, 2014	2nd Quarter December 31, 2013	1st Quarter September 30, 2013
Sales	$ 10,826,588	$ 5,126,084	$ 5,206,237	$ 2,150,176
Net income (loss) for the quarter	633,169	441,618	177,619	(513,661)
Net income (loss) and comprehensive income (loss) for the quarter	1,375,669	441,618	177,619	(513,661)
-Basic earnings (loss) per share	0.02	0.02	0.01	(0.02)
-Fully diluted earnings (loss) per share	0.02	0.02	0.01	(0.02)

Net income and comprehensive income for the quarter ended June 30, 2014 were significantly higher due to a gain in the revaluation of land in the amount of $742,500. Land is stated at fair values, and the Company has a policy to revalue land every three years.

The Company's operating results are seasonal, driven by the varying levels of activity in the growing cycles of the vegetable greenhouse crops, the bedding plant and flower seasons. Revenues and cash flows are affected by the seasonality of the seedling crop cycle, the timing of customer orders, the varying cycles of the greenhouse vegetable industry and the seasonality of the customer's planting season. The Company uses the completed contract method of accounting for recognizing revenue. This means that revenue from sales is not recognized until the date the delivery is actually made to the customer. As such, fluctuations in revenue between quarters may occur depending upon the planting schedules and delivery dates for the shipments to meet customer requirements.

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Summary of Quarterly Results (continued)

Sales in the first quarter are typically lower than other quarters. This is due to the fact that the greenhouse vegetable industry is not replanting during this quarter, and bedding sales are not active during this time period. Typically the second quarter has stronger sales, as this is the season when greenhouse vegetable growers replant. This often extends into the third quarter. Sales in the fourth quarter are typically stronger than the other three quarters as the company has expanded its marketing of bedding plants.

There were no extraordinary items or discontinued operations requiring financial disclosure during the quarters under review.

Liquidity and Capital Resources

The Company's two main sources of funding are revenue from product sales and debt financing.

The Company's debt financing has been obtained from the following sources: Farm Credit Canada, Bank of Montreal, De Lage Landen, finance leases and other agreements.

Long-term debt is as follows:

		June 30, 2015
Farm Credit Canada	$	17,904,106
Bank of Montreal		240,067
De Lage Landen		424,970
Note payable for purchase of greenhouse		1,666,667
Deferred borrowing costs*		(72,385)
	$	20,163,425

*Deferred borrowing costs represent the financing costs in obtaining the Farm Credit Canada term loans.

Finance lease obligations as at June 30, 2015 were $43,705, which includes $30,440 that is due in the next twelve months. The obligations are being serviced from cash flow.

Working capital as at June 30, 2015 was $420,373 compared to $1,481,368 as at June 30, 2014. As at June 30, 2015 the Company had an unused line of credit of $2,000,000 and a cash balance of $1,197,439. The Company also has unused Advancer loans from Farm Credit Canada totaling $3,500,000. At any point the Company can draw down on these Advancer loans and pay interest only payments for a term of 5 years. The Company also has a transition loan from Farm Credit Canada to fund the recent acquisition of a greenhouse facility in Pitt Meadows. Going forward, the Company expects to have sufficient cash to maintain capacity, meet debt obligations and fund development activities.

Capital expenditures during the year were $4,646,191. These expenditures were financed from a combination of loans and cash flow.

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Liquidity and Capital Resources (continued)

Term debt

The following table presents contractual obligations including payments due for each of the next three years and thereafter, as at June 30, 2015.

	2016	2017	2018	Thereafter	Total
Term debt	$ 2,724,598	$ 12,025,092	$ 947,566	$ 4,538,554	$ 20,235,810
Deferred borrowing costs	(6,988)	(7,374)	(7,770)	(50,253)	(72,385)
Total debt	2,717,610	12,017,718	939,796	4,488,301	20,163,425
Finance leases	30,440	13,265	-	-	43,705
Total	$ 2,748,050	$ 12,030,983	$ 939,796	$ 4,488,301	$ 20,207,130

Transactions with Related Parties

The Company participated in the following transactions with related parties during the year ended June 30, 2015.

The majority shareholders, the President, Jack Benne, and Vice-President, Leo Benne, provide management services to the Company via their management company, C.G.M. Ventures Inc. The management fees paid during the year were $609,000 in accordance with the compensation policy, which is approved annually by the Board of Directors. The management company also loans funds to the Company from time to time. These loans are unsecured, non-interest bearing and have no set terms of repayment.

Director's fees of $72,500 were paid during the year, which results from a payment of $1,000 per director for each meeting of the Board of Directors and a monthly retainer of $1,000 per month to directors who are not management. Non-management committee chairs are also paid a retainer of $1,500 per quarter.

The Company considers all of the foregoing transactions and the amounts related thereto to be reasonable and representative of normal business transactions.

Financial Instruments and Exchange Risk

The Company has various financial instruments including cash, accounts receivable, accounts payable, long-term debt, and obligations under finance leases.

The Company is exposed to currency risk as a result of its financial instruments denominated in U.S. dollars. The Company currently has a U.S. dollar bank account balance of $515,071. Accounts receivable of $1,198,701 includes U.S. dollar trade receivables of $106,847. Accounts payable and accruals of $2,002,029 includes U.S. dollar trade payables of $212,038. The Company earned approximately 49% of its revenue for the year ended June 30, 2015 in U.S. dollars. To reduce its exposure to currency risk, the Company enters into foreign exchange contracts as necessary.

The Company is exposed to credit risk through its accounts receivable. The Company attempts to minimize the credit risk through geographical and product diversification.

The Company's long-term debt is both at fixed and variable interest rates. The Company has the option of locking in to a fixed rate on the variable rate Farm Credit Canada term loans. The Company's operating line of credit has a floating interest rate of BMO Bank of Montreal's prime lending rate plus 0.50%.

Outstanding Share Data

a) Particulars of authorized capital as at the date hereof:

Class	Par Value	Number Authorized	Number Issued	Recorded Value
Common shares	No par value	Unlimited	25,535,933	$ 4,008,443

b) Summary of options and warrants outstanding as at the date hereof:

Security type	Number outstanding	Price	Expiry date
Stock options	750,000	$ 0.18	May 11, 2021
Stock options	750,000	$0.36	June 9, 2025

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Forward Looking Statements

This document contains forward-looking statements. These statements are based on current expectations and estimates about our business, and include, among others, statements relating to:

- our future performance;
- growth of our operations;
- expansion of the markets and market segments (geographic and otherwise) in which we conduct business;
- growth of the greenhouse industry markets and segments;
- our competitive strengths;
- the anticipated improvement, acquisition and development by us of greenhouse facilities;
- the seasonality of greenhouse seedling, bedding plant and flower sales;
- our direct expense rates, amortization expenses and potential increases in income taxes;
- the effect on our general and administrative expenses of expanded infrastructure and workforce;
- our future capital expenditures;
- amounts of our revenues and operating costs denominated in currencies other than the Canadian dollar and effect of any currency exchange fluctuations; and
- financing available to us.

In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "could," "continue," "estimate," "expect," "intent," "may," "might," "ongoing," "plan," "potential," "predict," "project," "should," "will," "would," or the negative of these terms, and similar expressions intended to identify forward-looking statements. Our forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. While we have not described all potential risks related to our business and owning our common shares, the important factors listed are among those that may affect our performance and could cause our actual financial and operational results to differ significantly from our predictions. We do not intend to update publicly any forward-looking statements, even if our predictions have been affected by new information, future events or other developments. You should consider our forward-looking statements in light of these and other relevant factors.

Other

The Company has no off-balance sheet arrangements. The Company has no proposed material business acquisition or disposition that the Company’s Board of Directors has decided to proceed with, or that the Company’s senior management has decided to proceed with in the belief that confirmation by the Board is probable.