

## FORM 5

### **QUARTERLY LISTING STATEMENT**

Name of Listed Issuer: **ARGO LIVING SOILS CORP.** (the “Issuer”).

Trading Symbol: ARGO

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

The Issuer's Condensed Interim Financial Statements for the three and nine months ended August 31, 2023 and 2022 are attached as Schedule A to this Form 5.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

Not applicable to the Issuer

## **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

### **1. Related party transactions**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

Please refer to Note 6, *Related Party Transactions*, included in the Issuer's Condensed Interim Financial Statements attached as Schedule A to this Form 5.

### **2. Summary of securities issued and options granted during the period.**

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
Please refer to Note 5, <i>Share Capital</i> , included in the Issuer's Condensed Interim Financial Statements attached as Schedule A to this Form 5.								

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
Please refer to Note 5, <i>Share Capital; Options</i> , included in the Issuer's Interim Consolidated Financial Statements attached as Schedule A to this Form 5.						

### 3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

Unlimited number of common shares, no par-value

- (b) number and recorded value for shares issued and outstanding,

As at August 31, 2023, the Issuer had 21,658,001 common shares issued and outstanding; the recorded value of the Share Capital was \$1,178,191.

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Warrants outstanding	Expiry Date	Exercise Price	Recorded Value
8,000,000	July 30, 2026 <sup>(1)</sup>	\$0.20 <sup>(1)</sup>	\$Ni
1,500,000	March 17, 2025	\$0.20	\$Nil
180,000	March 17, 2025	\$0.10	\$15,033.91
90,000	March 17, 2025	\$0.20	\$ 6,936.00
<b>9,770,000</b>			<b>\$21,969.91</b>

(1) On July 18, 2023, the Issuer repriced 8,000,000 Warrants issued as part of the IPO from \$0.35 per warrant share to \$0.20 per warrant share and extended the expiry date from August 3, 2023 to July 30, 2026.

Options outstanding	Expiry Date	Exercise Price	Recorded Value
150,000	January 21, 2025	\$0.10	\$4,260

- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

As at August 31, 2023, the Issuer had 600,001 Common Shares escrowed in accordance with the CSE Policies and NP 46-201.

All Escrowed Securities have been deposited with Computershare Trust Company of Canada (the “Escrow Agent”), pursuant to the Escrow Agreement between the Issuer, its Principals and the Escrow Agent. The Escrowed Securities are subject to the direction and determination of the CSE. Specifically, the Escrowed Securities may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the consent of the CSE.

**4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

Name	Positions Held
Peter Hoyle	Chief Financial Officer, Interim Chief Executive Officer, Secretary and a member of the board of directors
Ken Bowman	Chief Agricultural Operating Officer and a member of the board of directors
Hector Diakow	a member of the board of directors
Robert Intile	a member of the board of directors

## SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

The Issuer's MD&A for the three and nine months ended August 31, 2023 is attached as Schedule C to this Form 5.

### Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: October 17, 2023.

Peter Hoyle

Name of Director or Senior Officer

/s/ Peter Hoyle

Signature

CEO and Director

Official Capacity

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<b>Issuer Details</b>		
Name of Issuer	For Quarter Ended	Date of Report YY/MM/D
Argo Living Soils Corp.	August 31, 2023	23/10/17
Issuer Address		
1130 West Pender Street, Unit 820		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Vancouver, BC V6E 4A4	(604) 648-0517	(604) 961-2877
Contact Name	Contact Position	Contact Telephone No.
Peter J Hoyle	CEO/Director	604-961-2877
Contact Email Address	Web Site Address	
peter.hoyle@shaw.ca	<a href="https://argolivingsoils.com/">https://argolivingsoils.com/</a>	

**ARGO LIVING SOILS CORP.**  
**FORM 5 - QUARTERLY LISTING STATEMENT**  
**SCHEDULE "A"**



**ARGO LIVING SOILS CORP.**

**CONDENSED INTERIM  
FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED  
AUGUST 31, 2023 AND 2022  
(Expressed in Canadian Dollars)**



## NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), 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 condensed interim financial statements of the Company have been prepared by management and approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these unaudited interim condensed financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

October 17, 2023

**ARGO LIVING SOILS CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
(Unaudited)

<b>As at</b>	<b>Note</b>	<b>August 31, 2023</b>	<b>November 30, 2022</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash		\$ 211,280	\$ 84,047
GST recoverable		1,639	1,083
Prepaid expenses		6,732	8,151
		<u>219,651</u>	<u>93,281</u>
<b>Non-Current Assets</b>			
Equipment	4	74,269	80,750
ROU asset	4	886	9,751
<b>Total Assets</b>		<b>\$ 294,806</b>	<b>\$ 183,782</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	7	\$ 11,685	\$ 26,717
Advance payable	9	—	25,000
Due to related parties	6	1,575	5,250
Lease liability	8	—	9,709
<b>Total Liabilities</b>		<b>13,260</b>	<b>66,676</b>
<b>Shareholders' Equity</b>			
Share capital	5	1,178,191	891,990
Contributed surplus		13,388	13,388
Share-based payment reserve	5	28,947	21,700
Accumulated deficit		(938,980)	(809,972)
		<u>281,546</u>	<u>117,106</u>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 294,806</b>	<b>\$ 183,782</b>

Nature and continuance of operations – Note 1

Subsequent events – Note 12

Approved on behalf of the Board of Directors

"Hector Diakow"

Director

"Peter Hoyle"

Director

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

**ARGO LIVING SOILS CORP.****CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(Unaudited)

		<b>For the three months ended</b>		<b>For the nine months ended</b>	
		<b>August 31,</b>		<b>August 31,</b>	
	<i>Note</i>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>General and administrative expenses:</b>					
Advertising and promotion		\$ 1,170	\$ -	\$ 1,580	\$ 64,699
Amortization	4	4,820	4,817	14,459	14,339
Audit and accounting		-	-	2,381	11,638
Consulting	6	10,000	9,000	35,500	27,000
Farming expense		-	914	1,553	121,852
Management services	6	5,500	6,840	8,500	45,840
Office and miscellaneous		670	4,075	4,234	18,959
Professional fees		19,986	3,687	36,790	10,712
Regulatory and filing fees		6,847	3,286	24,011	15,390
Research and development	6	-	241	-	241
<b>Operating expenses</b>		<b>(48,993)</b>	<b>(32,860)</b>	<b>(129,008)</b>	<b>(230,670)</b>
Other income		-	1,378	-	1,780
<b>Net loss and comprehensive loss</b>		<b>\$ (48,993)</b>	<b>\$ (31,482)</b>	<b>\$ (129,008)</b>	<b>\$ (228,890)</b>
<b>Loss per share – basic and diluted</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>		<b>21,473,315</b>	<b>18,376,301</b>	<b>20,237,342</b>	<b>18,345,611</b>

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

**ARGO LIVING SOILS CORP.****CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Common Shares	Share Capital	Contributed Surplus	Share-based payment reserves	Accumulated Deficit	Total Shareholders' Equity
<b>Balance at November 30, 2021</b>	<b>18,193,301</b>	<b>\$ 864,125</b>	<b>\$ 13,388</b>	<b>\$ 31,265</b>	<b>\$ (525,789)</b>	<b>\$ 382,989</b>
Shares issued on exercise of warrant	183,000	27,865	—	(9,565)	—	18,300
Net loss for the period	—	—	—	—	(228,890)	(228,890)
<b>Balance at August 31, 2022</b>	<b>18,376,301</b>	<b>\$ 891,990</b>	<b>\$ 13,388</b>	<b>\$ 21,700</b>	<b>\$ (754,679)</b>	<b>\$ 172,399</b>
 <b>Balance at November 30, 2022</b>	 <b>18,376,301</b>	 <b>\$ 891,990</b>	 <b>\$ 13,388</b>	 <b>\$ 21,700</b>	 <b>\$ (809,972)</b>	 <b>\$ 117,106</b>
Shares issued for cash	3,000,000	300,000	—	—	—	300,000
Share issuance costs	—	(56,692)	—	21,970	—	(34,722)
Shares issued on exercise of warrants	281,700	42,893	—	(14,723)	—	28,170
Net loss for the period	—	—	—	—	(129,008)	(129,008)
<b>Balance at August 31, 2023</b>	<b>21,658,001</b>	<b>\$1,178,191</b>	<b>\$ 13,388</b>	<b>\$ 28,947</b>	<b>\$ (938,980)</b>	<b>\$ 281,546</b>

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

**ARGO LIVING SOILS CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)  
(Unaudited)

	<b>Nine months ended August 31, 2023</b>	<b>Nine months ended August 31, 2022</b>
<b>Cash used in operating activities</b>		
Net loss	\$ (129,008)	\$ (228,890)
Non-cash items:		
Amortization	14,459	14,339
Interest expense	438	1,113
Gain on modification of lease	(260)	–
Changes in working capital items:		
Amounts receivable	(555)	4,456
Due to related parties	(3,675)	–
Prepaid expenses	1,419	(5,459)
Accounts payable and accrued liabilities	(15,033)	(7,750)
	<b>(132,215)</b>	<b>(222,191)</b>
<b>Cash used in investing activities</b>		
Equipment	–	(9,130)
	–	<b>(9,130)</b>
<b>Cash provided by financing activities</b>		
Issuance of shares for cash, net of issuance costs	265,278	–
Repayment of advance	(25,000)	–
Repayment of lease obligations	(9,000)	(6,000)
Shares issued on exercise of warrants	28,170	18,300
	<b>259,448</b>	<b>12,300</b>
<b>Increase (decrease) in cash</b>	<b>127,233</b>	<b>(219,021)</b>
<b>Cash, beginning</b>	<b>84,047</b>	<b>326,172</b>
<b>Cash, ending</b>	<b>\$ 211,280</b>	<b>\$ 107,151</b>

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

## **ARGO LIVING SOILS CORP.**

Notes to the Condensed Interim Financial Statements

For the three and nine months ended August 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Argo Living Soils Corp. (the “Company”) was incorporated on March 14, 2018, under the Business Corporation Act of British Columbia. The Company is an agribusiness company specializing in producing and developing organic products including soil amendments, living soils, bio-fertilizers, vermicompost, and compost tea kits formulated specifically for high value crops. The Company’s common shares trade on the Canadian Securities Exchange (the “CSE”) under the symbol “ARGO”. The Company’s corporate office is located at 820 – 1130 West Pender Street, Vancouver, BC V6E 4A4, and its registered and records office address is 1200 - 750 West Pender Street, Vancouver, BC V6C 2T8.

These condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will have sufficient capital to fund the costs of its operations and realize the carrying value of assets and discharge liabilities in the normal course of operations. A different base of measurements may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at August 31, 2023, the Company has not advanced its operations to commercial production. The ability of the Company to continue as a going concern is dependent upon the successful results from its agribusiness activities and its ability to attain profitable operations and generate funds from and/or raising sufficient equity financing, issuing debt or securing related party advances to complete the development of its agribusiness. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management anticipates that the Company will need to seek out additional equity financing to continue with planned development and general operations for the ensuing year.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in the normal course of business and at amounts different from those reflected in the accompanying financial statements. These adjustments could be material.

### **2. BASIS OF PRESENTATION**

These interim financial statements were authorized for issue on October 17, 2023, by the directors of the Company.

#### **Statement of compliance with International Reporting Standards**

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended November 30, 2022.

#### **Basis of measurement**

These condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial instruments, which are measured at fair value as described in Note 3. These condensed interim financial statements are presented in Canadian dollars, functional and reporting currency of the Company, unless otherwise noted.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Significant accounting judgements**

The preparation of these financial statements in accordance with IFRS requires the Company to make judgements, apart from those involving estimates, in applying accounting policies. The most significant judgements used in the preparation of the Company’s financial statements include:

- the classification of development expenditures or operating expenses;
  - the assessment of the recoverability and measurement of deferred tax assets; and
  - the assessment of the Company’s ability to continue as a going concern.
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## ARGO LIVING SOILS CORP.

### Notes to the Condensed Interim Financial Statements

For the three and nine months ended August 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

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#### Significant accounting estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of development assets, discount rate used to value its ROU assets and lease liabilities, the fair value of share-based payments and financial instruments, and the recoverability measurement of deferred tax assets.

#### Loss per share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. The Company's diluted loss per share does not include the effect of stock options or warrants as they are anti-dilutive.

#### Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share warrants are classified as equity instruments. When the Company issues units as part of a private placement, consisting of both common shares and common share purchase warrants, the fair value of the shares is determined using the market price, and the residual value is assigned to the warrants. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the share proceeds.

#### Financial instruments

##### Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income/(loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The following table shows the classification of the Company's financial instruments:

Financial asset/liability	Classification IFRS 9
Cash	FVTPL
Accounts payables and accrued liabilities	Amortized cost
Advance payable	Amortized cost

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**ARGO LIVING SOILS CORP.**

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended August 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

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**Non-derivative financial assets**

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI"), or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Measurement and classification of financial assets is dependent on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred.

**Financial assets at FVTPL**

Financial assets carried at FVTPL are initially recorded at fair value, and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit and loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated specifically as hedges.

**Financial assets at FVTOCI**

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income following the derecognition of the investment.

**Financial assets at amortized cost**

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. Gains and losses on derecognition of financial assets classified amortized cost are recognized in profit or loss.

**Financial liabilities**

Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

**Derivative instruments**

Derivative instruments, including embedded derivatives in executory contracts or financial liability contracts, are classified as at FVTPL and, accordingly, are recorded in the statement of financial position at fair value.

**Expected credit losses**

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. The Company is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

**Income taxes****Current income taxes**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates the positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



**ARGO LIVING SOILS CORP.**

Notes to the Condensed Interim Financial Statements

For the three and nine months ended August 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

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**Deferred income taxes**

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) enacted or substantively enacted at the end of each reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

**Research and development**

Expenditures on research are expensed as incurred. Research activities include formulation, design, evaluation and final selection of possible alternatives, products, processes, systems or services. Development expenditures are expensed as incurred unless the Company can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the intangible asset and use or sell it; (iii) its ability to use or sell the intangible asset; (iv) how the intangible asset will generate probable future economic benefits. Among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

**Share-based compensation**

Share-based payments to employees are measured at the fair value of the stock options issued and recognized over the vesting period. Share-based payments to non-employees are measured at the fair value of goods and services received by the Company or the fair value of the stock options granted, if the fair value of the goods and services cannot be reliably estimated. The fair value of the stock options is determined using Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the stock options are granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

**Equipment**

Equipment is recorded at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. This includes the purchase price, any other costs directly attributable to bringing the assets to a working condition for intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

Where an item of equipment comprises significant parts with useful lives that are significantly different from that of the asset as a whole, the parts are accounted for as separate items of equipment and depreciated accordingly. An item of equipment is derecognized upon disposal, or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognizing an asset determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized through profit or loss.

Equipment is depreciated over its estimated useful life. Interest incurred during construction of facilities is capitalized and depreciated over the life of the asset. Costs for normal repairs and maintenance that do not extend economic life or improve service potential are expensed as incurred. Costs of improvements that extend economic life or improve service potential are capitalized and depreciated over the estimated remaining useful life.

The Company commences recording depreciation when the assets are in a working condition ready for use using the straight-line method at the following rates:

## **ARGO LIVING SOILS CORP.**

Notes to the Condensed Interim Financial Statements

For the three and nine months ended August 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

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<b><u>Class</u></b>	<b><u>Useful Life</u></b>
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Farming equipment:	10 years
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### **Impairment of assets**

The carrying amount of the Company's non-financial assets (which include property, plant and equipment) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

### **Revenue recognition**

The Company recognizes revenue when the transfer of ownership to the customer has occurred and customer has accepted the product. Transaction prices are determined based on the agreed upon prices with customers for the Company's goods at the time contracts are entered into. The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money and expenses any incremental costs of obtaining contracts with customers as incurred.

### **Foreign currency translation**

The Company's financial statements are presented in Canadian dollars, which is the Company's functional currency. Transactions in foreign currencies are translated using the exchange rate prevailing at the date of the transaction. At each reporting date, foreign currency denominated monetary assets and liabilities are translated at reporting date exchange rates. Exchange differences arising from the transactions are recorded in profit or loss for the period. Exchange differences arising from operating transactions are recorded in operating profit for the period; exchange differences related to the financing transactions are recognized as finance costs or income, or in other comprehensive income.

### **Leases**

The Company accounts for its lease obligations in accordance with IFRS 16 - Leases, which requires a lessee to recognize a right of use (an "ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company uses the following judgement to determine whether ROU and lease liability exist on a reporting date:

Liabilities for short-term leases with terms less than 12 months and leases of low-value assets are not recognized as ROU assets and lease. The Company recognizes the lease payments associated with leases as an expense on a straight-line or other systematic basis over the lease term;

The Company applies judgment to determine the applicable discount rate. The discount rate is based on the Company's incremental borrowing rate and reflects the current market assessments of the time value of money and the associated risks for which the estimates of future cash flows have not been adjusted for.

**ARGO LIVING SOILS CORP.**

Notes to the Condensed Interim Financial Statements

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**Accounting standards issued but not yet effective**

There are no accounting pronouncements with future effective dates that are applicable or are expected to have material impact on the Company's annual financial statements.

**4. EQUIPMENT**

<b>Cost</b>	<b>ROU Asset</b>	<b>Farming Equipment</b>
<b>Balance at November 30, 2021</b>	\$ 32,124	\$ 86,412
Additions	–	9,247
<b>Balance at November 30, 2022</b>	<b>32,124</b>	<b>95,659</b>
Additions	–	–
Lease modification	(887)	–
<b>Balance at August 31, 2023</b>	<b>\$ 31,237</b>	<b>\$ 95,659</b>
<b>Accumulated Depreciation</b>		
<b>Balance at November 30, 2021</b>	\$ 11,736	\$ 6,388
Additions	10,637	8,521
<b>Balance at November 30, 2022</b>	<b>22,373</b>	<b>14,909</b>
Additions	7,978	6,481
<b>Balance at August 31, 2023</b>	<b>\$ 30,351</b>	<b>\$ 21,390</b>
<b>Net Carrying Amounts</b>		
<b>Balance, November 30, 2022</b>	\$ 9,751	\$ 80,750
<b>Balance, August 31, 2023</b>	<b>\$ 886</b>	<b>\$ 74,269</b>

On April 25, 2021, the Company signed a one-year extension on the agreement to lease its farming land on Galiano Island in British Columbia, bringing the total length of the lease agreement to three years. The third year of the lease required a payment of \$2,000 on November 1, 2022, representing a payment for the first and the last month lease and monthly payments of \$1,000 per month thereafter.

On July 27, 2023, the Company notified its lessor of the decision to terminate the lease as of September 30, 2023, which resulted in a reduction of the lease term by one month, and the Company recorded \$260 as gain on lease modification.

**5. SHARE CAPITAL****Authorized**

Unlimited common shares without par value (the "Shares").

On March 31, 2021, the Company entered into an Escrow Agreement, whereby 2,000,001 Shares held by insiders of the Company were placed in escrow. The escrowed Shares are being released over a 36-month period with 10% released on July 30, 2021, and the remaining escrowed Shares released at a rate of 300,000 Shares every six months from August 3, 2021. As of August 31, 2023, there were 600,001 Shares underescrow.

**Share issuances**

On December 23, 2021, the Company issued 133,000 Shares on exercise of warrants for total proceeds of \$13,300. The share price on the date of exercise was \$0.24.

On March 17, 2022, the Company issued 50,000 Shares on exercise of warrants for total proceeds of \$5,000. The share price on the date of exercise was \$0.20.

**ARGO LIVING SOILS CORP.**

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended August 31, 2023 and 2022

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(Unaudited)

On March 17, 2023, the Company issued 3,000,000 units (the “Units”) through a non-brokered private placement at a price of \$0.10 per Unit for gross proceeds of \$300,000. Each Unit consisted of one Share and one-half of one transferrable Share purchase warrant (the “Warrant”). Each Warrant can be exercised into an additional Share at \$0.20 per Share, expiring on March 17, 2025.

In connection with the non-brokered private placement, the Company paid \$16,722 in legal and regulatory fees, and cash commission of \$18,000. In addition, the Company issued agents’ warrants to acquire up to 180,000 Units (the “Agent’s Warrants”), which can be exercised at a price of \$0.10 per Unit until March 17, 2025. The Company calculated the value of the Agent’s Warrants to be \$21,970 using the Black Scholes option pricing model with the following assumptions: Share price - \$0.14; exercise price - \$0.10; expected life – 2 years; expected volatility – 193.74%; risk free interest rate – 3.54%.

During the nine-month period ended August 31, 2023, the Company issued a total of 281,700 Shares on exercise of finder’s warrants for total proceeds of \$28,170. The average share price on the date of exercise was \$0.127. The finder’s warrants had an initial value of \$14,722.

**Options**

On January 21, 2021, the Company adopted a stock option plan. Under the Company’s stock option plan, the Company may grant options to employees, consultants and directors up to 10% of the issued and outstanding share capital at the date of grant. The exercise price of the options granted will be no less than the market price of the Company’s shares and the maximum term of the options will be ten years.

The Company did not issue any stock options during the nine-month period ended August 31, 2023.

The following table summarizes the stock option activity:

	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price</b>
Balance at November 30, 2022 and August 31, 2023	150,000	\$ 0.10

As at August 31, 2023, the remaining contractual life of the stock options granted was 1.39 years.

**Warrants**

The following table summarizes the changes in warrants:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
<b>Balance at November 30, 2021</b>	<b>8,516,700</b>	<b>\$ 0.33</b>
Exercised	(183,000)	0.10
<b>Balance at November 30, 2022</b>	<b>8,333,700</b>	0.34
Issued	1,500,000	0.20
Issued <sup>(1)</sup>	270,000	0.13
Exercised	(281,700)	0.10
Expired	(52,000)	0.10
<b>Balance at August 31, 2023</b>	<b>9,770,000</b>	<b>\$ 0.20</b>

<sup>(1)</sup>270,000 Agent’s Warrants the Company issued in connection with March 17, 2023, private placement. The Agent’s Warrants entitle the holders to acquire up to 180,000 Units at a price of \$0.10 per Unit until March 17, 2025. Each Unit is comprised of one common share and one half of one Share purchase warrant. Each whole Warrant can be exercised into one Share of the Company at a price of \$0.20 at any time on or before March 17, 2025.

**ARGO LIVING SOILS CORP.**

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended August 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

At August 31, 2023 the following warrants were outstanding:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
8,000,000 <sup>(1)</sup>	\$ 0.20	July 30, 2026
1,500,000	\$ 0.20	March 17, 2025
180,000	\$ 0.10	March 17, 2025
90,000	\$ 0.20	March 17, 2025
9,770,000	\$ 0.20	

<sup>(1)</sup> On July 18, 2023, the Company repriced 8,000,000 Warrants issued as part of the IPO from \$0.35 per warrant share to \$0.20 per warrant share and extended the expiry date from August 3, 2023 to July 30, 2026.

As at August 31, 2023, the remaining contractual life of warrants was 2.67 years.

**6. RELATED PARTY TRANSACTIONS**

Related parties include the officers, key management personnel, close family members and entities controlled by these individuals. The Company's key management personnel comprise the President, CEO, CFO, directors and other essential officers.

During the nine-month periods ended August 31, 2023 and 2022, the Company had the following transactions with related parties:

	<b>Nine months ended August 31,</b>	
	<b>2023</b>	<b>2022</b>
Management fees paid or accrued to the former CEO, President and a director of the Company <sup>(1)</sup>	\$ –	\$ 15,000
Management fees paid or accrued to a director of the Company	–	30,840
Management fees paid or accrued to the current CEO, CFO and director of the Company	4,500	–
Management fees paid or accrued to a director and officer of the Company	4,000	–
Consulting fees paid or accrued to a former director of the Company <sup>(2)</sup>	3,000	–
Consulting fees paid or accrued to a company controlled by a former director of the Company <sup>(2)</sup>	27,000	–
Research and development paid to a director of the Company	–	241
<b>Total</b>	<b>\$ 38,500</b>	<b>\$ 46,081</b>

(1) Mr. Diakow resigned from all positions he held with the Company on June 2, 2022.

(2) Mr. Joao (John) da Costa resigned from all positions he held with the Company on February 6, 2023.

The balances due to related parties consist of amounts owed directly to the officers and directors of the Company and to private companies controlled by the officers and directors of the Company. These amounts are unsecured, non-interest bearing and due on demand. At August 31, 2023, the balance payable to related parties was \$1,575 (2022 - \$5,250).

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>August 31, 2023</b>	<b>November 30, 2022</b>
Trade payables	\$ 3,895	\$ 3,717
Accrued liabilities	7,790	23,000
<b>Accounts payable and accrued liabilities</b>	<b>\$ 11,685</b>	<b>\$ 26,717</b>

**ARGO LIVING SOILS CORP.**

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended August 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

**8. LEASE LIABILITY**

The Company leases farm land under a lease agreement terminating on November 1, 2023. The lease is calculated using an incremental borrowing rate of 10% per annum.

On July 27, 2023, the Company notified its lessor of the decision to terminate the lease as of September 30, 2023, which resulted in a reduction of the lease term by one month, and the Company recorded \$260 in gain on lease modification.

At August 31, 2023, and November 30, 2022, the Company's lease liability related to the lease was as follows:

	<b>August 31, 2023</b>		<b>November 30, 2022</b>	
Lease liability – beginning	\$	9,709	\$	16,308
Interest expense		438		1,401
Lease payments		(9,000)		(8,000)
Modification of lease liability		(1,147)		–
<b>Lease liability – ending</b>	<b>\$</b>	<b>–</b>	<b>\$</b>	<b>9,709</b>

As at August 31, 2023, the Company did not have any lease commitments.

**9. ADVANCE PAYABLE**

During the nine-month period ended August 31, 2023, the Company repaid \$25,000, which was borrowed under a non-interest-bearing debt arrangement during the year ended November 30, 2021. The advance was unsecured and payable on demand.

**10. FINANCIAL RISK MANAGEMENT**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's Board of Directors monitors and approves its risk management practices. The Company's most significant areas of financial risk and risk management are as follows:

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is attributable to cash. To limit its exposure to credit risk, the Company holds its cash with high-credit quality financial institutions in Canada.

**Interest Rate Risk**

The Company's current exposure to interest rate arises from the interest rate impact on its cash. The fair value of cash is not significantly affected by changes in short term interest rates.

**Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company attempts to manage liquidity risk by maintaining sufficient cash balances to satisfy current and planned expenditures. The Company may from time to time have to issue additional shares to ensure there is sufficient capital to meet long term objectives.

**Foreign currency exchange risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company is exposed to foreign exchange risk as a result of having to acquire some of its production assets in US Dollars.

## **ARGO LIVING SOILS CORP.**

Notes to the Condensed Interim Financial Statements

For the three and nine months ended August 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

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### **Financial Instruments**

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and

Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value of cash, accounts payable and accrued liabilities, and amounts due to related parties approximate fair value due to the short-term nature of the financial instruments.

## **11. CAPITAL MANAGEMENT**

In the management of capital, the Company includes the components of shareholders' equity as well as cash and other working capital. The Company currently manages its capital structure and adjusts it, based on cash resources expected to be available to support its operations. Management has not established a quantitative capital structure, but will review on a regular basis the stage of development of the Company.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

## **12. SUBSEQUENT EVENTS**

Subsequent to August 31, 2023, the Company entered into a license agreement (the "Agreement") with Canadian AgriChar, an entity controlled by the Company's director, and an officer. Pursuant to the Agreement, the Company was granted an exclusive right and license (the "License") to globally market and sell "CHAR+ BioChar", a soil amendment product, for an initial term of 10 years. The Company will receive a percentage of revenues of all CHAR+ product sold by it. As consideration for the License, the Company issued 500,000 common shares and agreed to issue a further 500,000 common shares on or before March 26, 2024.

On September 27, 2023, the Company granted to its director and an officer, options to acquire up to 1,000,000 common shares at \$0.15 per share expiring on September 27, 2028, which vest in four equal instalments over eighteen months, with first 25% vesting immediately, and the remaining 75% vesting equally every six months.

On September 27, 2023, the Issuer entered into a one-year consulting agreement for commercial operations consulting services (the "Consulting Agreement"). The Consulting Agreement renews automatically on the date of its anniversary. As consideration for the services, the Company granted the consultant options to acquire up to 300,000 common shares at \$0.15 per share expiring on September 27, 2028, which vest in four equal instalments over eighteen months, with first 25% vesting immediately, and the remaining 75% vesting equally every six months.

**ARGO LIVING SOILS CORP.**  
**FORM 5 - QUARTERLY LISTING STATEMENT**  
**SCHEDULE "C"**





**ARGO LIVING SOILS CORP.  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS  
FOR THE THREE AND NINE MONTHS ENDED  
AUGUST 31, 2023 AND 2022**

## Introduction

The following Management's Discussion and Analysis ("MD&A") of Argo Living Soils Corp. (the "Company" or "Argo") has been prepared by management, in accordance with the requirements of National Instrument 51-102 as of October 17, 2023, and should be read in conjunction with unaudited condensed interim financial statements of the Company for the three and nine months ended August 31, 2023, and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of the Company, unless specifically noted.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com)

## Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These forward-looking statements include statements regarding the future price of fertilizers and soil amendments, the timing and amount of estimated future production, the expansion of the Company's product line, costs of production, capital expenditures, the success of production activities and the requirements of future capital. These statements 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. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained in this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about general business and economic conditions; the supply and demand for, deliveries of, and the level and volatility of prices of the Company's products; the availability of financing for the Company's production and marketing programs; the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; and the ability to attract and retain skilled staff.

These forward-looking statements involve risks and uncertainties relating to, among other things, changes in prices of the company's products, access to skilled personnel, uninsured risks, regulatory changes, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors hereinabove. Additional risk factors are described in more detail hereinafter. **Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.** The Company intends to discuss in its quarterly and annual reports referred to as the Company's management's discussion and analysis documents, any events and circumstances that occurred during the period to which such document relates that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this management discussion and analysis.

## Description of Business

The Company is an agribusiness company based in Vancouver, British Columbia ("BC") and incorporated on March 14, 2018, under the Business Corporations Act (BC). The Company's head office is located at 820 – 1130 West Pender Street, Vancouver, BC V6E 4A4, and its registered and records office is located at 1200 - 750 West Pender Street, Vancouver, BC V6C 2T8. The Company's shares ("Common Shares") are traded on the Canadian Securities Exchange (the "CSE") under the symbol "ARGO". The Company specializes in producing and developing organic products including soil amendments, living soils, bio-fertilizers, vermicompost, and compost tea kits formulated specifically for high value crops. The Company intends to eventually expand its product line to include natural pesticides and fungicides. The Company has developed proprietary organic products that increase yields, prevent or inhibit fungus disease and pathogens, and reduce pests that impede the growing of cultivars.

## Overall Performance

In late 2021, the Company started production of the proprietary organic fertilizer, "Vermicompost" at its Galiano Island, BC farm site which the Company leases for an annual fee of \$12,000. The farm site includes two vermicast barns, a mixing plant and an office building. The production barns, which the Company began building in 2020 include power from BC Hydro, upgraded water and electrical infrastructure and a backup generator. The Company also upgraded a heat pump which allows for the flow-through vermicast reactors to operate under optimum temperature and humidity conditions. The second vermicast reactor was put into production in early 2022 allowing the Company to double its production.

In January 2022 the Company brought online two newly designed composting bioreactors. These bioreactors continue to produce Argo's proprietary fungal dominant feedstock, being the principal worm feed digested in the second stage of the process in the vermicast reactors. In July 2022, the Company completed construction of additional stand-alone bioreactors, which allowed for increased production and stockpiling of vermicast for sale and for ongoing plant studies.

In May 2023, the Company entered into a non-binding letter of intent (the "LOI") with an arm's length party to acquire exclusive North American licensing rights to manufacture, market, and distribute their Anti-viral filter technology. The entry into a definitive agreement was dependent on the results of due diligence process. The Company finalized the due diligence process in July of 2023, and decided against moving forward with a definitive agreement, and instead to continue broadening and strengthening its commercial arrangements in fertilizer and agri-business.

On August 11, 2023, the Company entered into a non-binding Joint Venture Agreement with Pacific Composting Inc. ("Pacific Composting") to establish a collaboration between the Company and Pacific Composting by integrating ARGO's worm casting operations into Pacific Composting's existing operations, creating specialty products such as worm castings that can be further used by Pacific Composting in their product lines.

As a result of the Joint Venture Agreement the Company will relocate its existing worm casting, composting operations, including its bioreactors currently located on Galiano Island in BC, to Pacific Composting's existing operations in Duncan BC. The Joint Venture will allow both companies to combine their respective expertise, with Ms. Andrea Blum, the principal of Pacific Composting, overseeing operations; the Company's director, Ken Bowman, assisting marketing, operations and technical support; and the Company's director, Robert Intile, focusing on market support.

The Company finalized the relocation of the farm in the first week of October, and expects that the operations will restart in the first quarter of its Fiscal 2024. Once back in operation, the Company will be entitled to a royalty fee equivalent to 30% of total production costs of the worm casting produced and sold by Pacific Composting. Throughout the Joint Venture, the Company will retain its right and title to the assets moved to Pacific Composting's location. Pacific Composting will absorb the costs of maintaining the assets in good order.

On September 8, 2023, the Company entered into a license agreement (the "Agreement") with Canadian AgriChar, a company controlled by Ken Bowman, the Company's director and officer. The transaction was completed and License Agreement finalized on September 27, 2023.

Canadian AgriChar is a Canadian based manufacturer and distributor of biochar for use in soil remediation and plant growth enhancement. Pursuant to the Agreement, Canadian AgriChar agreed to grant the Company the exclusive right and license (the "License") to globally market and sell "CHAR+ BioChar", a soil amendment product, for an initial term of 10 years.

Pursuant to the Transaction, the Issuer will sell CHAR+ BioChar products on its website, <https://argolivingsoils.com/>, and will receive a percentage of revenues of all CHAR+ sold through its website. In the interim period prior to sales being live on the Company's website, the Company will act as an exclusive sales agent for Canadian AgriChar.

As consideration for the License, the Company issued Canadian AgriChar 500,000 common shares, and agreed to issue a further 500,000 common shares on or before March 26, 2024. The shares were issued at a deemed price of \$0.15 per share. In addition, the Company granted Mr. Bowman options to acquire up to 1,000,000 common shares at \$0.15 per share expiring on September 27, 2028. These options will vest in four equal instalments over eighteen months, with first 25% vesting immediately, and the remaining 75% vesting equally every six months.

On September 27, 2023, the Company entered into a one-year consulting agreement for commercial operations consulting services (the "Consulting Agreement"). The Consulting Agreement renews automatically on the date of its anniversary. As consideration for the services, the Company granted the consultant options to acquire up to 300,000 common shares at \$0.15 per share expiring on September 27, 2028. These options vest in four equal instalments over eighteen months, with first 25% vesting immediately, and the remaining 75% vesting equally every six months.

For the nine months ended August 31, 2023, the Company incurred a net loss of \$129,008 (2022 - \$228,890). The majority of the Company's expenses were attributed to consulting fees of \$35,500 (2022-\$27,000), professional fees of \$36,790 (2022 - \$10,712) and regulatory and filing fees of \$24,011 (2022 - \$15,390).

*During the year ended November 30, 2022, and up to the date of MD&A, the Company had the following share issuances:*

On December 23, 2021, the Company issued 133,000 Common Shares on exercise of warrants for total proceeds of \$13,300.

On March 17, 2022, the Company issued 50,000 Common Shares on exercise of warrants for total proceeds of \$5,000.

On March 17, 2023, the Company issued 3,000,000 units (the "Units") through a non-brokered private placement at a price of \$0.10 per Unit, for aggregate gross proceeds of \$300,000 (the "Offering"). Each Unit was comprised of one Common Share in the capital of the Company and one-half of one transferrable share purchase warrant (each full warrant a "Warrant"). Each Warrant entitles the holder to purchase one additional Common Share in the capital of the Company at \$0.20 per Common Share expiring on March 17, 2025.

The Company paid cash finder's fees in the amount of \$18,000 and further \$16,722 in legal and regulatory fees. In addition, the Company issued an aggregate of 180,000 finder's warrants (each a "Finder's Warrant") to eligible finders. Each Finder's Warrant entitles the holder to acquire one Unit on the same terms of the Offering at an exercise price of \$0.10 per Unit expiring on March 17, 2025.

During the nine-month period ended August 31, 2023, the Company issued a total of 281,700 Common Shares on exercise of finder's warrants for total proceeds of \$28,170.

## **Commitments**

On November 1, 2020, the Company signed a one-year lease of a farm land on Galiano Island in British Columbia, at an annual fee of \$12,000. On April 25, 2021, the Company signed a one-year extension bringing the total length of the lease to three years. The extension entailed for a payment of \$2,000 for the first and last months of the lease (November 2022 and October 2023), due on November 1, 2022, as well as monthly payment of \$1,000 from December 1, 2022, until September 1, 2023.

On July 27, 2023, the Company notified its lessor of the decision to terminate the lease as of September 30, 2023, which resulted in a reduction of the lease term by one month, and the Company recorded \$260 as gain on lease modification.

## **Results of Operations**

During the three months ended August 31, 2023, the Company incurred a net loss of \$48,993 (2022 - \$31,482).

During the nine months ended August 31, 2023, the Company incurred a net loss of \$129,008 (2022 - \$228,890).

The operating expenses for the three and nine months ended August 31, 2023 and 2022 include the following items:

	Three months ended August 31,		Nine months ended August 31,	
	2023	2022	2023	2022
Advertising and promotion	\$ 1,170	\$ -	\$ 1,580	\$ 64,699
Amortization	4,820	4,817	14,459	14,339
Audit and accounting	-	-	2,381	11,638
Consulting	10,000	9,000	35,500	27,000
Farming expense	-	914	1,553	21,852
Management services	5,500	6,840	8,500	45,840
Office and miscellaneous	670	4,075	4,234	18,959
Professional fees	19,986	3,687	36,790	10,712
Regulatory and filing fees	6,847	3,286	24,011	15,390
Research and development	-	241	-	241
Total operating expenses	\$ 48,993	\$ 32,860	\$ 129,008	\$ 230,670

The higher expenses incurred during the three-month period ended August 31, 2023, as compared to the three-month period ended August 31, 2022, were mainly due to increase in professional fees which were associated with the due-diligence process on the Licensing agreement the Company was considering to enter into, as well as the joint venture agreement, which the Company signed on August 11, 2023.

The higher expenses incurred during the comparative nine-month period ended August 31, 2022, were due to the activities involved in setting up the production and manufacturing site for the vermicompost, which resulted in increased management fees and farming expenses, as well as increased advertising and promotion activities.

## Summary of Quarterly Results

The following sets out a summary of the Company's quarterly results for the eight most recently completed quarters. All periods listed below were prepared in accordance with IFRS.

	Three months ended August 31, 2023	Three months ended May 31, 2023	Three months ended February 28, 2023	Three months ended November 30, 2022
Total assets	\$ 294,806	\$ 337,261	\$ 143,935	\$ 183,782
Working capital/(deficit)	\$ 206,391	\$ 221,508	\$ (1,060)	\$ 26,605
Shareholders' equity	\$ 281,546	\$ 302,369	\$ 84,620	\$ 117,106
Net loss	\$ (48,993)	\$ (47,529)	\$ (32,486)	\$ (55,293)
Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

	Three months ended August 31, 2022	Three months ended May 31, 2022	Three months ended February 28, 2022	Three months ended November 30, 2021
Total assets	\$ 213,600	\$ 246,317	\$ 367,463	\$ 436,827
Working capital/(deficit)	\$ 77,196	\$ 102,726	\$ 206,821	\$ 287,273
Shareholders' equity	\$ 172,399	\$ 203,881	\$ 303,114	\$ 382,989
Net loss	\$ (31,482)	\$ (104,233)	\$ (93,175)	\$ (66,794)
Loss per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.00)

## Liquidity and Capital Resources

To date, the Company has not yet realized profitable operations and has relied on equity financings and trade credit to fund its losses. If required, the Company may raise capital through the equity markets.

The Company's condensed interim financial statements for the three and nine months ended August 31, 2023 and 2022, have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with

financial entities, or other business and financial transactions which would assure continuation of the Company's operations. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

	August 31, 2023	November 30, 2022
Working capital	\$ 206,391	\$ 26,605
Deficit	\$ 938,980	\$ 809,972

Net cash used in operating activities during the nine months ended August 31, 2023, was \$132,215. This cash was used to cover the Company's cash operating expenses of \$114,371, determined as net loss of \$129,008 decreased by non-cash transactions totaling \$14,637, to decrease amounts due to our related parties by \$3,675, to decrease the Company's accounts payable and accrued liabilities by \$15,033, and to increase its receivables by \$555. These uses of cash were offset by \$1,419 decrease in prepaids expenses. During the comparative nine months ended August 31, 2022, the Company used \$222,191 for its operating activities. This cash was used to cover the Company's cash operating expenses of \$213,438, determined as net loss of \$228,890 decreased by non-cash transactions totaling \$15,452, to decrease accounts payable and accrued liabilities by \$7,750 and to increase its prepaids expenses by \$5,459. These uses of cash were offset by \$4,456 decrease in amounts receivable.

Net cash provided by financing activities during the nine months ended August 31, 2023, was \$259,448 (2022 - \$12,300), and consisted of \$265,278 the Company raised in its March private placement (net of \$34,722 cash share issuance costs), and \$28,170 the Company received on exercise of finders' warrants (2022 - \$18,300). The cash received from financing was in part offset by \$9,000 the Company paid for leasing the Galiano Island farm property (2022 - \$6,000), and repayment of the \$25,000 short-term interest free note payable.

Net cash used in investing activities during the nine months ended August 31, 2023 was \$Nil (2022 - \$9,130).

There can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be unable to continue operating. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company, or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

## Related Party Transactions

Related parties include the officers, key management personnel, close family members and entities controlled by these individuals. The Company's key management personnel comprise the President, CEO, CFO, directors and other essential officers.

During the nine-month periods ended August 31, 2023 and 2022, the Company had the following transactions with related parties:

	Nine months ended August 31,	
	2023	2022
Management fees paid or accrued to the former CEO, President and a director of the Company <sup>(1)</sup>	\$ —	\$ 15,000
Management fees paid or accrued to a director of the Company	—	30,840
Management fees paid or accrued to CEO, CFO and director of the Company	4,500	—
Management fees paid or accrued to a director and officer of the Company	4,000	—
Consulting fees paid or accrued to a director of the Company <sup>(2)</sup>	3,000	—
Consulting fees paid or accrued to a company controlled by a director of the Company <sup>(2)</sup>	27,000	—
Research and development paid to a director of the Company	—	241
<b>Total</b>	<b>\$ 38,500</b>	<b>\$ 46,081</b>

(1) Mr. Diakow resigned from all positions he held with the Company on June 2, 2022.

(2) Mr. Joao (John) da Costa resigned from all positions he held with the Company on February 6, 2023.

The balances due to related parties consist of amounts owed directly to the officers and directors of the Company and to private companies controlled by the officers and directors of the Company. These amounts are unsecured, non-interest bearing and due on demand. At August 31, 2023, the balance payable to related parties was \$1,575 (2022 - \$5,250).

## Changes in Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, the financial statements have been prepared using the accrual basis of accounting except for cash flow information.

## Significant Accounting Policies

All significant accounting policies adopted by the Company have been described in the notes to the audited consolidated financial statements for the year ended November 30, 2022.

## Financial Instruments

### *Fair Values*

The Company's financial instruments consist of cash, accounts payable, accrued liabilities, amounts due to related parties, short-term loan, and lease liability. The fair values of these financial instruments approximate their carrying values because of their current nature.

The following table summarizes the carrying values of the Company's financial instruments:

	August 31, 2023	November 30, 2022
Fair value through profit or loss (i)	\$ 212,919	\$ 85,130
Other financial liabilities (ii)	\$ 13,260	\$ 66,676

(i) Cash and GST recoverable

(ii) Accounts payable and accrued liabilities, amounts due to related parties, short-term loan, and current portion of the lease liability

### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is attributable to cash. To limit its exposure to credit risk, the Company holds its cash with high-credit quality financial institutions in Canada.

### *Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company attempts to manage liquidity risk by maintaining sufficient cash balances to satisfy current and planned expenditures. The Company may from time to time have to issue additional shares to ensure there is sufficient capital to meet long term objectives.

### *Foreign Exchange Risk*

Foreign exchange risk is the risk that the fair value, or future cash flows of financial instruments, will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign exchange risk as a result of having to acquire some of its production assets in US Dollars.



### Interest Rate Risk

The Company's current exposure to interest rate arises from the interest rate impact on its cash. The fair value of cash is not significantly affected by changes in short term interest rates.

### Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of fertilizer inputs and the stock market to determine the appropriate course of action to be taken by the Company.

## Off-Balance Sheet Arrangements

The Company did not have any off-balance sheet arrangements as at August 31, 2023.

## Additional Disclosure for Venture Issuers without Significant Revenue

For a description of the general and administrative expenses, please refer to the statement of comprehensive loss contained in the condensed interim financial statements for the three- and nine-month periods ended August 31, 2023 and 2022.

## Outstanding Share Data

The following table summarizes the outstanding share capital as of the date of this MD&A:

Type	Number of shares issued or issuable	Conditions
Common shares	22,158,001	Issued and outstanding
Stock options	150,000	Exercisable into 150,000 common shares at a price of \$0.10 per share until January 21, 2025
Stock options	1,300,000	Exercisable into 1,300,000 common shares at a price of \$0.15 per share until September 27, 2028. Options to acquire up to 325,000 common shares have vested, with remaining options to acquire up to 975,000 common shares to be vested in three equal instalments over eighteen months, starting on March 27, 2024.
Warrants	8,000,000	Exercisable into 8,000,000 common shares at a price of \$0.20 per share until July 30, 2026, as amended on July 18, 2023.
Warrants	1,500,000	Exercisable into 1,500,000 common shares at a price of \$0.20 per share until March 17, 2025
Finders' Warrants	270,000	Exercisable into 180,000 Units at a price of \$0.10 per Unit until March 17, 2025, and further 90,000 common shares at a price of \$0.20 per share until March 17, 2025, once the Unit is exercised
	33,378,001	Total shares outstanding (fully diluted)

## Business Risks

Organic fertilizer development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include, marketing, production and product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.



- Financial risks include commodity prices and interest rates both which are beyond the Company's control.
- Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to acquire and maintain its CSE listing.
- The Company currently has adequate cash for planned production, marketing and general and administrative expenses in the next 12 months but may require financing in the future to continue in business. There can be no assurance that such financing will be available or, if available, that it will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Company may change, and investors may suffer additional dilution. To the extent financing is not available, lease payments, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company.

### **Internal Controls over Financial Reporting**

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Lack of optimal segregation of duties has been observed due to the relatively small size of the Company, but management believes that these weaknesses have been adequately mitigated through management and director oversight.

### **Management's Responsibility for Financial Statements**

The information provided in this report, includes the data derived from the Company's condensed interim financial statements as well as audited financial statements, which were both prepared in accordance with IFRS. The preparation of financial statements is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

### **Contingencies**

There are no contingent liabilities.

### **Additional Information**

Additional information relating to the Company, including the Company's audited year-end financial results and unaudited quarterly financial results, can be accessed on SEDAR ([www.sedar.com](http://www.sedar.com)).