

**ARGO LIVING SOILS CORP.**

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED AUGUST 31, 2021 AND 2020

(Expressed in Canadian Dollars)

**ARGO LIVING SOILS CORP.**

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION  
(Expressed in Canadian Dollars)

| As at   | Note | August 31,<br>2021 | November 30,<br>2020 |
|---|------|--------------------|----------------------|
| <b>Assets</b>                                     |      |                    |                      |
| <b>Current Assets:</b>                            |      |                    |                      |
| Cash  |      | \$ 442,971         | \$ 197,857           |
| GST/HST recoverable                               |      | 9,319              | 1,371                |
| Prepaid expenses                                  |      | 3,000              | 129                  |
|   |      | 455,290            | 199,357              |
| <b>Non-Current Assets:</b>                        |      |                    |                      |
| Equipment   | 4    | 63,312             | 13,011               |
| ROU Asset   | 4    | 23,047             | 21,201               |
| <b>Total Assets</b>                               |      | <b>\$ 541,649</b>  | <b>\$ 233,569</b>    |
| <b>Liabilities</b>                                |      |                    |                      |
| <b>Current Liabilities:</b>                       |      |                    |                      |
| Accounts payable and accrued liabilities          | 8    | \$ 14,632          | \$ 10,236            |
| Short term loan                                   |      | 25,000             | –                    |
| Due to related parties                            | 6    | 11,723             | 11,071               |
| Lease liability                                   | 9    | 10,432             | 11,140               |
|   |      | 61,787             | 32,447               |
| <b>Long term lease liability</b>                  | 9    | 11,327             | 5,167                |
| <b>Total Liabilities</b>                          |      | <b>73,114</b>      | <b>37,614</b>        |
| <b>Shareholders' Equity</b>                       |      |                    |                      |
| Share capital                                     | 5    | 876,433            | 275,309              |
| Contributed surplus                               | 5    | 51,097             | 13,388               |
| Accumulated deficit                               |      | (458,995)          | (92,742)             |
|   |      | 468,535            | 195,955              |
| <b>Total Liabilities and Shareholders' Equity</b> |      | <b>\$ 541,649</b>  | <b>\$ 233,569</b>    |

Nature and continuance of operations – Note 1

Approved on behalf of the Board of Directors

\_\_\_\_\_  
"Chadley 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)

|   | <i>Note</i> | For the three months ended |                    | For the nine months ended |                    |
|---|-------------|----------------------------|--------------------|---------------------------|--------------------|
|   |             | August 31,<br>2021         | August 31,<br>2020 | August 31,<br>2021        | August 31,<br>2020 |
| <b>General and administrative expenses:</b>                                     |             |                            |                    |                           |                    |
| Advertising and promotion   |             | \$ 12,267                  | \$ –               | \$ 12,267                 | \$ –               |
| Amortization  | 4           | 4,368                      | –                  | 11,756                    | –                  |
| Audit and accounting  |             | 10,000                     | –                  | 21,800                    | –                  |
| Consulting  |             | 9,000                      | 3,153              | 27,000                    | 3,153              |
| Farming expense   |             | 7,367                      | –                  | 12,477                    | –                  |
| Management services   | 6           | 16,500                     | –                  | 49,500                    | –                  |
| Office and miscellaneous  |             | 43,558                     | 4,336              | 66,088                    | 4,434              |
| Professional fees   |             | 95,157                     | 1,136              | 139,524                   | 1,616              |
| Regulatory and filing fees  |             | 11,139                     | –                  | 21,581                    | –                  |
| Research and development  |             | –                          | 9,975              | –                         | 13,388             |
| Stock based compensation  | 5           | –                          | –                  | 4,260                     | –                  |
|   |             | <b>(209,356)</b>           | <b>(18,600)</b>    | <b>(366,253)</b>          | <b>(22,591)</b>    |
| <b>Net and comprehensive loss</b>   |             | <b>\$ (209,356)</b>        | <b>\$ (18,600)</b> | <b>\$ (366,253)</b>       | <b>\$ (22,591)</b> |
| <b>Loss per share – basic and diluted</b>                                       |             | <b>\$ 0.02</b>             | <b>\$ 0.00</b>     | <b>\$ 0.03</b>            | <b>\$ 0.02</b>     |
| <b>Weighted average number of common shares outstanding – basic and diluted</b> |             | <b>12,883,187</b>          | <b>1,500,000</b>   | <b>11,007,730</b>         | <b>1,500,000</b>   |

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**ARGO LIVING SOILS CORP.**

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(Expressed in Canadian Dollars)

|                                   | Number of<br>Common Shares | Share<br>Capital  | Contributed<br>Surplus | Accumulated<br>Deficit | Total<br>Shareholders'<br>Equity |
|-----------------------------------|----------------------------|-------------------|------------------------|------------------------|----------------------------------|
| Balance at November 30, 2019      | 1,500,001                  | \$ 7,500          | \$ –                   | \$ (3,854)             | \$ 3,646                         |
| Shares issued for cash            | 8,320,000                  | 257,000           | –                      | –                      | 257,000                          |
| Contributed surplus               | –                          | –                 | 13,388                 | –                      | 13,388                           |
| Net loss for the period           | –                          | –                 | –                      | (22,591)               | (22,591)                         |
| Balance at August 31, 2020        | 9,820,001                  | 264,500           | 13,388                 | (26,445)               | 251,443                          |
| Shares issued for cash            | 250,000                    | 12,500            | –                      | –                      | 12,500                           |
| Share issuance costs              | –                          | (1,691)           | –                      | –                      | (1,691)                          |
| Net loss for the period           | –                          | –                 | –                      | (66,297)               | (66,297)                         |
| Balance at November 30, 2020      | 10,070,001                 | 275,309           | 13,388                 | (92,742)               | 195,955                          |
| Shares issued for cash            | 8,000,000                  | 800,000           | –                      | –                      | 800,000                          |
| Share issuance costs              | –                          | (198,876)         | –                      | –                      | (198,876)                        |
| Contributed surplus               | –                          | –                 | 37,709                 | –                      | 37,709                           |
| Net loss for the period           | –                          | –                 | –                      | (366,253)              | (366,253)                        |
| <b>Balance at August 31, 2021</b> | <b>18,070,001</b>          | <b>\$ 876,433</b> | <b>\$ 51,097</b>       | <b>\$ (458,995)</b>    | <b>\$ 468,535</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)

|  | <b>Nine months ended<br/>August 31,<br/>2021</b> | <b>Nine months ended<br/>August 31,<br/>2020</b> |
|--|--|--|
| <b>Cash flows used in operating activities</b> |  |  |
| Net loss                                       | \$ (366,253)                                     | \$ (22,591)                                      |
| Non-cash items:                                |  |  |
| Amortization                                   | 11,618   | –  |
| Donated labour                                 | –  | 13,388   |
| Stock based compensation                       | 4,260  | –  |
| Changes in working capital items:              |  |  |
| GST/HST receivable                             | (7,948)  | –  |
| Due to related parties                         | 652  | (3,000)  |
| Prepaid expenses                               | (2,871)  | –  |
| Accounts payable and accrued liabilities       | 4,396  | –  |
|  | <b>(356,146)</b>                                 | <b>(12,203)</b>                                  |
| <b>Cash flows used in investing activities</b> |  |  |
| Equipment                                      | (53,765)   | –  |
|  | <b>(53,765)</b>                                  | <b>–</b>   |
| <b>Cash flows used in financing activities</b> |  |  |
| <b>Issuance of shares</b>                      | 800,000  | 257,000  |
| Repayment of lease obligations                 | (4,548)  | –  |
| Share issuance costs                           | (165,427)  | –  |
| Short term loan                                | 25,000   | –  |
|  | <b>655,025</b>                                   | <b>257,000</b>                                   |
| <b>Increase in cash</b>                        | <b>245,114</b>                                   | <b>244,797</b>                                   |
| <b>Cash, beginning</b>                         | <b>197,857</b>                                   | <b>8,646</b>                                     |
| <b>Cash, ending</b>                            | <b>\$ 442,971</b>                                | <b>\$ 253,443</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, 2021 and 2020 (Expressed in Canadian Dollars)

#### 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 intends to eventually expand its product line to include natural pesticides and fungicides. The Company’s corporate office is located at 820 – 1130 West Pender Street, Vancouver, BC V6E 4A4.

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, 2021, 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 composting 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 composting interests. 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.

#### 2. BASIS OF PRESENTATION

These condensed interim financial statements were authorized for issue on September 29, 2021 by the directors of the Company.

#### Statement of compliance with International Reporting Standards

The condensed interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting (“IAS34”) 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, 2020.

#### Basis of measurement

The 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. The financial statements are presented in Canadian dollars unless otherwise noted.

## ARGO LIVING SOILS CORP.

### Notes to the Condensed Interim Financial Statements For the three and nine months ended August 31, 2021 and 2020 (Expressed in Canadian Dollars)

#### 3. SIGNIFICANT ACCOUNTING POLICIES

##### Significant accounting judgements

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

- the classification of development expenditures or operating expenses; and
- the assessment of the Company's ability to continue as a going concern.

##### 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, the fair value of share based payments and financial instruments and the recoverability measurement of deferred tax assets.

##### 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:

| <u>Financial asset/liability</u>       | <u>Classification IFRS 9</u> |
|--|------------------------------|
| Cash                                   | Amortized cost               |
| Trade payables and accrued liabilities | Amortized cost               |

###### 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.

## ARGO LIVING SOILS CORP.

### Notes to the Condensed Interim Financial Statements For the three and nine months ended August 31, 2021 and 2020 (Expressed in Canadian Dollars)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 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 instruments (continued)**

##### 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

For financial liabilities, the new standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to the Company's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch. 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.

##### **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.

ARGO LIVING SOILS CORP.

Notes to the Condensed Interim Financial Statements  
For the three and nine months ended August 31, 2021 and 2020  
(Expressed in Canadian Dollars)

4. EQUIPMENT

|                                     | ROU Asset        | Equipment        |
|-------------------------------------|------------------|------------------|
| <b>Cost</b>                         |                  |                  |
| Balance at November 30, 2019        | \$ –             | \$ –             |
| Additions                           | 22,123           | 14,457           |
| <b>Balance at November 30, 2020</b> | <b>22,123</b>    | <b>14,457</b>    |
| Additions                           | 10,001           | 53,902           |
| <b>Balance at August 31, 2021</b>   | <b>\$ 32,124</b> | <b>\$ 68,359</b> |
| <b>Accumulated Depreciation</b>     |                  |                  |
| Balance at November 30, 2019        | \$ –             | \$ –             |
| Amortization                        | 922              | 1,446            |
| <b>Balance at November 30, 2020</b> | <b>922</b>       | <b>1,446</b>     |
| Additions                           | 8,155            | 3,601            |
| <b>Balance at August 31, 2021</b>   | <b>\$ 9,077</b>  | <b>\$ 5,047</b>  |
| <b>Net Carrying Amounts</b>         |                  |                  |
| <b>Balance, November 30, 2020</b>   | <b>\$ 21,201</b> | <b>\$ 13,011</b> |
| <b>Balance, August 31, 2021</b>     | <b>\$ 23,047</b> | <b>\$ 63,312</b> |

ARGO LIVING SOILS CORP.

Notes to the Condensed Interim Financial Statements  
For the three and nine months ended August 31, 2021 and 2020  
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**5. SHARE CAPITAL**

**Share issuances:**

*During the nine months ended August 31, 2021 the Company had the following share issuances:*

On July 30, 2021 the Company issued 8,000,000 units in an Initial Public Offering (“IPO”) at a price of \$0.10 per unit for gross proceeds of \$800,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share upon payment of the exercise price of \$0.35 at any time prior to 4:00 p.m. (Vancouver time) on August 3, 2023.

In connection with the IPO a corporate finance fee of \$25,000 and a cash commissions equal to 8.0% of the gross proceeds of the IPO and options to purchase that number of common shares as is equal to 8.0% of the total number of Units sold under the IPO (an “Agent’s Warrant”). Each Agent’s Warrant is exercisable at a price of \$0.10 per Common Share until August 3, 2023. The Company calculated the value of the Agent’s Warrants to be \$33,449 using the Black Scholes option pricing model with the following assumptions: Share price - \$0.10; Exercise price - \$0.10; Expected life – 2 years; Expected volatility – 100%; risk free interest rate – .45%.

*During the year ended November 30, 2020 the Company had the following share issuances:*

On June 18, 2020, the Company issued 500,000 shares at a price of \$0.005 per share for proceeds of \$2,500.

On July 24, 2020, the Company issued 4,550,000 shares at a price of \$0.02 per share for proceeds of \$91,000.

On August 31, 2020, the Company issued 3,270,000 shares at a price of \$0.05 per share for proceeds of \$163,500.

On October 19, 2020, the Company issued 250,000 shares at a price of \$0.05 per share for proceeds of \$12,500.

**Authorized:** Unlimited common shares without par value

**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.

On January 21, 2021, the Company granted 150,000 fully vested stock options to a director of the Company which entitle the holders to purchase one common share for each option held at a price of \$0.10 per share up to January 21, 2025.

In connection with this grant, the Company calculated stock-based compensation of \$4,260 using the Black Scholes option pricing model with the following assumptions: Share price - \$0.05; Exercise price - \$0.10; Expected life – 4 years; Expected volatility – 100%; risk free interest rate – .41%.

The following table summarizes the stock option activity:

|                                | <b>Number<br/>of Stock Options</b> | <b>Weighted Average<br/>Exercise Price</b> |
|--------------------------------|------------------------------------|--|
| Balance at November 30, 2020   | nil                                | \$ 0.00                                    |
| Granted January 21, 2021       | 150,000                            | 0.10                                       |
| Exercisable at August 31, 2021 | 150,000                            | \$ 0.10                                    |

ARGO LIVING SOILS CORP.

Notes to the Condensed Interim Financial Statements  
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(Expressed in Canadian Dollars)

**5. SHARE CAPITAL (continued)**

**Options: (continued)**

As at August 31, 2021, the following incentive stock options are outstanding:

| <b>Number of Stock Options</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|--------------------------------|-----------------------|--------------------|
| 150,000                        | \$ 0.10               | January 21, 2025   |
| 150,000                        | \$ 0.10               |                    |

**Warrants:**

A summary of the Company's warrants are as follows:

|                              | <b>Number of Warrants</b> | <b>Weighted Average Exercise Price</b> |
|------------------------------|---------------------------|--|
| Balance at November 30, 2020 | nil                       | \$ 0.00                                |
| Issued August 3, 2021        | 8,000,000                 | 0.35                                   |
| Issued August 3, 2021        | 640,000                   | 0.10                                   |
| Balance at August 31, 2021   | 8,640,000                 | \$ 0.33                                |

At August 31, 2021 the following warrants are outstanding:

| <b>Number of Warrants</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|---------------------------|-----------------------|--------------------|
| 8,000,000                 | \$ 0.35               | August 3, 2023     |
| 640,000                   | \$ 0.10               | August 3, 2023     |
| 8,640,000                 | \$ 0.33               |                    |

**6. RELATED PARTY TRANSACTIONS**

Transactions with related parties during the six months ended are as follows:

- (i) During the nine months ended August 31, 2021, the Company incurred \$49,500 for management services to directors (August 31, 2020, \$nil).
- (ii) At August 31, 2021, \$6,568 was owed to a director for expenses paid on behalf of the Company. (November 30, 2020, \$6,344). These amounts are unsecured, non-interest bearing and due on demand.
- (iii) At August 31, 2021, \$5,155 was owed to a director of the Company for expenses paid on behalf of the Company. (November 30, 2020, \$4,727). These amounts are unsecured, non-interest bearing and due on demand.

ARGO LIVING SOILS CORP.

Notes to the Condensed Interim Financial Statements  
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**7. 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 held 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 not exposed to foreign exchange risk.

**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 due to related parties approximate fair value due to the short-term nature of the financial instruments.

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                     | <b>August 31, 2021</b> |        | <b>November 30,<br/>2020</b> |        |
|---------------------|------------------------|--------|------------------------------|--------|
| Trade payables      | \$                     | 11,481 | \$                           | 236    |
| Accrued Liabilities |                        | 3,151  |                              | 10,000 |
|                     | \$                     | 14,632 | \$                           | 10,236 |

ARGO LIVING SOILS CORP.

Notes to the Condensed Interim Financial Statements  
For the three and nine months ended August 31, 2021 and 2020  
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**9. LEASE LIABILITY**

The Company leases farm land under a lease agreement. The lease liability consists of a lease for the manufacturing facility terminating on November 1, 2023. The lease is renewable upon expiration for two additional years. The leases are calculated using an incremental borrowing rate of 10% per annum.

At August 31, 2021 and November 30, 2020, the Company's lease liability related to leases is as follows:

|                                 | <b>August 31, 2021</b> |               | <b>November 30, 2020</b> |               |
|---------------------------------|------------------------|---------------|--------------------------|---------------|
| Lease Liability – beginning     | \$                     | 16,307        | \$                       | –             |
| Additions                       |                        | 10,001        |                          | 22,123        |
| Interest expense                |                        | 1,451         |                          | 184           |
| Lease payments                  |                        | (6,000)       |                          | (6,000)       |
| <b>Lease liability – ending</b> | <b>\$</b>              | <b>21,759</b> | <b>\$</b>                | <b>16,307</b> |

At August 31, 2021, the Company is committed to minimum lease payments as follows:

| Maturity analysis                           | <b>August 31, 2021</b> |               |
|---|------------------------|---------------|
| Less than one year                          | \$                     | 12,000        |
| One to three years                          |                        | 12,000        |
| <b>Total undiscounted lease liabilities</b> | <b>\$</b>              | <b>24,000</b> |