ARGO Living Soils

FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED

AUGUST 31, 2022 AND 2021

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED 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 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 condensed interim 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 05, 2022

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

As at	Note	August 31, 2022	November 30, 2021
Assets			
Current Assets			
Cash		$ 107,151	$ 326,172
GST/HST recoverable		1,787	6,243
Prepaid expenses		9,459	4,000
		118,397	336,415
Non-Current Assets			
Equipment	*4*	82,793	80,024
ROU asset	*4*	12,410	20,388
Total Assets		**$ 213,600**	**$ 436,827**
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	*7*	$ 4,780	$ 12,530
Advance payable	*9*	25,000	25,000
Lease liability	*8*	11,421	11,612
		41,201	49,142
Long Term Lease Liability	*8*	–	4,696
Total Liabilities		**41,201**	**53,838**
Shareholders' Equity			
Share capital	*5*	891,990	864,125
Contributed surplus		13,388	13,388
Share-based payment reserve	*5,6*	21,700	31,265
Accumulated deficit		(754,679)	(525,789)
		172,399	382,989
Total Liabilities and Shareholders' Equity		**$ 213,600**	**$ 436,827**

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)
(Unaudited)

	Note	For the three months ended August 31, 2022	For the three months ended August 31, 2021	For the nine months ended August 31, 2022	For the nine months ended August 31, 2021
General and administrative expenses:					
Advertising and promotion		$ –	$ 12,267	$ 64,699	$ 12,267
Amortization	4	4,817	4,368	14,339	11,756
Audit and accounting		–	10,000	11,638	21,800
Consulting	6	9,000	9,000	27,000	27,000
Farming expense		914	7,367	21,852	12,477
Management services	6	6,840	16,500	45,840	49,500
Office and miscellaneous		4,075	43,558	18,959	66,088
Professional fees		3,687	95,157	10,712	139,524
Regulatory and filing fees		3,286	11,139	15,390	21,581
Research and development		241	–	241	–
Share-based compensation	5,6	–	–	–	4,260
Operating expenses		**(32,860)**	**(209,356)**	**(230,670)**	**(366,253)**
Other income	10	1,378	–	1,780	–
Net loss and comprehensive loss		**$ (31,482)**	**$ (209,356)**	**$ (228,890)**	**$ (366,253)**
Loss per share – basic and diluted		**$ (0.00)**	**$ (0.02)**	**$ (0.01)**	**$ (0.03)**
Weighted average number of common shares outstanding – basic and diluted		**18,376,301**	**12,883,187**	**18,345,611**	**11,007,730**

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
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)
Balance at August 31, 2021	**18,070,001**	**$ 876,433**	**$ 51,097**	$ –	**$ (458,995)**	**$ 468,535**
Balance at November 30, 2021	**18,193,301**	**$ 864,125**	**$ 13,388**	**$ 31,265**	**$ (525,789)**	**$ 382,989**
Shares issued on exercise of warrants	183,000	27,865	–	(9,565)	–	18,300
Net loss for the period	–	–	–	–	(228,890)	(228,890)
Balance at May 31, 2022	**18,376,301**	**$ 891,990**	**$ 13,388**	**$ 21,700**	**$ (754,679)**	**$ 172,399**

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)

	Nine months ended August 31, 2022	Nine months ended August 31, 2021
Cash flows used in operating activities		
Net loss	$ (228,890)	$ (366,253)
Non-cash items:		
Amortization	14,339	11,618
Share-based compensation	–	4,260
Interest expense	1,113	–
Changes in working capital items:		
Amounts receivable	4,456	(7,948)
Due to related parties	–	652
Prepaid expenses	(5,459)	(2,871)
Accounts payable and accrued liabilities	(7,750)	4,396
	(222,191)	**(356,146)**
Cash flows used in investing activities		
Equipment	(9,130)	(53,765)
	(9,130)	**(53,765)**
Cash flows from financing activities		
Issuance of shares	18,300	800,000
Repayment of lease obligations	(6,000)	(4,548)
Share issuance costs	–	(165,427)
Short term loan	–	25,000
	12,300	**655,025**
Increase/(decrease) in cash	**(219,021)**	**245,114**
Cash, beginning	326,172	197,857
Cash, ending	**$ 107,151**	**$ 442,971**

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

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. On August 3, 2021, the Company's common shares commenced trading 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 at 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, 2022, 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.

2. BASIS OF PRESENTATION

These condensed interim financial statements were authorized for issue on October 05, 2022, 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, 2021.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgements

The preparation of these interim 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 in applying 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.

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

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.

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.

(Expressed in Canadian Dollars)

4. EQUIPMENT AND ROU ASSET

Cost	ROU Asset	Equipment
Balance at November 30, 2020	$ 22,123	$ 14,457
Additions	10,001	71,955
Balance at November 30, 2021	**32,124**	**86,412**
Additions	–	9,130
Balance at August 31, 2022	**$ 32,124**	**$ 95,542**
Accumulated Depreciation		
Balance at November 30, 2020	**$ 922**	**$ 1,446**
Additions	10,814	4,942
Balance at November 30, 2021	**11,736**	**6,388**
Additions	7,978	6,361
Balance at August 31, 2022	**$ 19,714**	**$ 12,749**
Net Carrying Amounts		
Balance, November 30, 2021	**$ 20,388**	**$ 80,024**
Balance, August 31, 2022	**$ 12,410**	**$ 82,793**

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 extension requires payments of $6,000 on each of November 1, 2022 and May 1, 2023.

5. SHARE CAPITAL

Authorized

Unlimited common shares without par value

On March 31, 2021, the Company entered into an Escrow Agreement, whereby 2,000,001 common 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 the listing date.

Share issuances

As at August 31, 2022, the Company has a total of 18,376,301 common shares.

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 consisted 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 at an exercise price of $0.35 per share expiring on August 3, 2023.

In connection with the IPO, the Company paid $107,509 in legal and regulatory fees, of which $31,083 were incurred subsequent to August 31, 2021, a corporate finance fee of $25,000 and an additional $64,000 cash commission equal to 8.0% of the gross proceeds of the IPO. In addition, the Company issued agent's warrants to acquire up to 640,000 common shares in the capital of the Company (the "Agent's Warrants"), which can be exercised 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 -

(Expressed in Canadian Dollars)

$0.10; expected life – 2 years; expected volatility – 100%; risk free interest rate – 0.45%. At August 31, 2021, the Agent's Warrants were recorded as part of contributed surplus.

On September 27, 2021, the Company issued 123,300 common shares on exercise of warrants to acquire common shares for total proceeds of $12,330.

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.

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 holder 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 share-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 – 0.41%.

The following table summarizes the stock option activity:

	Number of Stock Options	Weighted Average Exercise Price
Balance at November 30, 2020	nil	$ 0.00
Granted	150,000	0.10
Exercisable at November 30, 2021 and August 31, 2022	150,000	$ 0.10

As at August 31, 2022, there were 150,000 stock options outstanding and exercisable at $0.10 per share with remaining contractual life of 2.39 years.

Warrants:

The following table summarizes the changes in warrants:

	Number of Warrants	Weighted Average Exercise Price
Balance at November 30, 2020	Nil	$ 0.00
Issued	8,640,000	0.33
Exercised	(123,300)	0.10
Balance at November 30, 2021	**8,516,700**	
Exercised	(183,000)	0.10
Balance at August 31, 2022	**8,333,700**	**$ 0.34**

(Expressed in Canadian Dollars)

At August 31, 2022 the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
8,000,000	$ 0.35	August 3, 2023
333,700	$ 0.10	August 3, 2023
8,333,700	$ 0.34	

As at August 31, 2022, the remaining contractual life of warrants was 0.92 years.

6. RELATED PARTY TRANSACTIONS

Related parties include the directors, officers, key management personnel, close family members and entities controlled by these individuals. Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company as a whole.

During the periods ended August 31, 2022 and 2021, the Company had the following transactions with related parties:

	Nine months ended August 31, 2022	Nine months ended August 31, 2021
Consulting and equipment rental, paid or accrued to the former CEO, President and a director of the Company (1)	$ 15,000	$ 22,500
Consulting paid or accrued to a director of the Company	30,840	27,000
Research and development paid to a director of the Company	241	–
Share-based compensation on options granted to a director of the Company	–	4,260
Total	$ 46,081	$ 53,760

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

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 31,2022, the balance payable to related parties was $Nil (2021 - $Nil).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2022	November 30, 2021
Trade payables	$ 3,657	$ 2,530
Accrued liabilities	1,123	10,000
Accounts payable and accrued liabilities	**$** 4,780	**$** 12,530

(Expressed in Canadian Dollars)

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.

At August 31, 2022 and November 30, 2021, the Company's lease liability related to the lease was as follows:

		August 31, 2022		November 30, 2021
Lease liability – beginning	$	16,308	$	16,307
Additions		–		10,001
Interest expense		1,113		2,000
Lease payments		(6,000)		(12,000)
Lease liability – ending	**$**	11,421	**$**	16,308

At August 31, 2022, the Company is committed to minimum lease payments as follows:

Maturity analysis		**August 31, 2022**
Less than one year	$	12,000
One to two years		–
Total undiscounted lease liabilities	**$**	12,000

9. ADVANCE PAYABLE

As at August 31, 2022, the Company has an advance payable of $25,000 pursuant to a non-interest-bearing debt arrangement with an arms-length party. The advance is unsecured and payable on demand.

10. OTHER INCOME

During the period ended August 31, 2022, the Company recorded $1,780 as other income from its pilot sales to third party customers (2021 - $Nil).

11. 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 exposed to foreign exchange risk as a result of having to acquire some of its production assets in US Dollars.

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, accrued liabilities, and advance payable approximate fair value due to the short-term nature of the financial instruments.

12. 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 period. The Company is not subject to any externally imposed capital requirements.