



CO2 GRO Inc. Presents a Money Talk Station Interview with Aaron Archibald, VP Sales and Strategic Initiatives

GROW: TSX-V, BLONF: OTCQB, 4021: Frankfurt

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Welcome back Aaron. For our audience, Aaron heads Sales and Strategic Alliances for publicly traded CO2 GRO Inc. Its stock symbols are BLONF on the US OTC, GROW on the Canadian Venture Exchange and 4021 on the Frankfurt Exchange.

Hi Evan, nice to be back again.

How has business progressed since our last talk a month ago?

The Pandemic has been a head wind in certain geographies due to travel restrictions. However, our business continues to make inroads with new potential greenhouse customers in areas where we have a footprint. That includes North America, the UAE and Israel to date. Our two new Press Releases since we last spoke are about commercial feasibility installations of our Ag Tech CO2 technology going into Michigan and in Colombia South America with a major international CO2 gas supplier.

For listeners new to your Ag Tech story, what does your technology do?

CO2 GRO has developed patent protected CO2 Delivery Solutions™ systems that can deliver CO2 to “**Growers Everywhere**” in mist form. We can enhance plant growth and quality leading to more profitability for any greenhouse grower not using CO2 gassing. They will now achieve the same 30% increased plant yield level enjoyed by those greenhouses that do gas with CO2.

Greenhouses gassing with CO2 tend to be very expensive with sophisticated HVAC systems, glass walls or sealed rooms, extensive CO2 gassing infrastructure and excess CO2 gassing safety systems requirements. None of that is required when using our aqueous CO2 Delivery Solutions™ systems.

Our systems are modular with our smallest VCO₂ unit capable of covering the aqueous CO₂ needs of up to 10,000 square feet of greenhouse grow area. Our larger units covering up to 150,000 square feet of grow space. We have 5 million square feet of grow space coverage in our pre-paid inventory.

Our technology will also work on outside crops the same way but the crop value has to be high enough to offset additional CO₂ Delivery costs outdoors. For 2020, we are focused solely on greenhouses that do not or cannot use CO₂ gassing economically. Once installed, our systems are fully automated with negligible human interaction required. That is a bigger selling feature today during the Global Pandemic as more greenhouse owners look to automate them.

What is your target sales market and how large is it?

We are offering the first new CO₂ Delivery Solutions™ to growing photosynthetic plants in 100 years since CO₂ gassing's additional plant yield effects were discovered. We can service 85% of the globe's greenhouses that cannot use CO₂ gassing economically. That is over 42 billion square feet of sales and leasing opportunities for us. Earlier in the year we stated we had issued commercial feasibility proposals to interested growers with over 12 Million square feet of collective grow space. That is much less than one tenth of 1% of our target market to date.

Many greenhouses that wish to use CO₂ gassing have to exhaust excessive heat with large fans. Any CO₂ gassed in will vent out almost as fast when blower fans are operating. Most delivered CO₂ can cost \$100-\$500 per tonne depending on greenhouse locations relative to industrial CO₂ gas plants with several thousand CO₂ tonnes required annually at larger greenhouses.

Other greenhouses that could use standard CO₂ gassing in milder, cooler climates are too porous or are open air structures. Many of the large low cost multi-million square foot California plant nurseries are called shade houses as they simply have studs for walls to support roof structures. If they were to gas with CO₂, the CO₂ would immediately dissipate through their open walls rendering the CO₂ gas useless. Applying aqueous CO₂, using our technology can make them just as yield effective as expensive glass walled greenhouses.

Our 2020 commercial greenhouse targets are mostly North American hemp, cannabis, and food greenhouse owners that have been deemed essential by our governments. Internationally, we have an installation in the UAE at a hydroponic lettuce greenhouse, in Israel developing cannabis greenhouse customers and in Colombia installing a system at a rose greenhouse. Our activity with flower growers overall has waned and we have seen closures of non-essential horticulture greenhouses and a few switching to other crops such as strawberries to survive the Pandemic.

Can you describe how and why your technology enhances plant growth?

Our technology creates and delivers a thin film of aqueous CO₂ mist without CO₂ bubbles around plant leaves. When applied for seconds 1-4 times per hour depending on the crop and grower objectives, plant leaves will rapidly absorb the additional aqueous CO₂ filling their storage cells. That leads to faster photosynthesis of CO₂ into more plant sugars, allowing for stronger and faster plant growth.

Is it strictly higher plant yields your technology offers to greenhouse growers?

No. Some of our organic hemp, cannabis and organic food customers primarily want our systems to increase plant micro-pathogen resistance. A good example is Missouri based 'Sacred Seeds' who have installed CO₂ Delivery Solutions™ systems into their hemp greenhouses in Missouri. Powdery mildew can wipe out entire crops if not immediately checked. They view the enhanced plant yields you get with our aqueous CO₂ technology as a bonus.

How does your technology create micro-pathogen resistance?

When we apply acidic CO₂ mist, plant leaves are unaffected by the low pH. As the leaves absorb the acidic CO₂ molecules, the residual mist turns more pH alkaline. That creates pH volatility of about 2 points or 100 times as the pH scale is logarithmic. This pH volatility is what provides far more micro-pathogen growth resistance from molds and mildews like E coli and powdery mildew than growers get whether or not they gas with CO₂. Single cell pathogen simply cannot colonize in the hostile pH environment. Micro-pathogen resistance is one of our key patents pending.

What is it the timeline like in identifying a new customer to then having them install a system?

We have found grower's cautious adopting new ag tech enhanced yield improvements. Also, growers have been trained not to get their plant leaves wet for fear of pathogen growth like powdery mildew. It is initially counter-intuitive for them to understand that applying acidic CO₂ mist is an outstanding organic pathogen resistance option for them.

We are also still new to the ag market. We have only had commercial systems available for less than one-year with our first installation of a 150,000 square foot coverage unit in September 2019. In early 2018, we started with manual spray wands and back-packs of aqueous CO₂ water on cannabis plants and micro-greens.

In YTD 2020, we have announced seven commercial feasibilities underway with growers of hemp, cannabis, lettuce and roses in North America, the UAE and Colombia. We are certainly gaining traction now, even during COVID-19.

As mentioned, you issued two more Commercial Feasibility Press Releases since we last spoke Aaron a month ago. One in Colombia for roses and one in Michigan for cannabis. Can you go over them and their significance?

Sure Evan.

We just announced we are installing a Commercial Feasibility CO2 Delivery Solutions™ VCO2 system at a large rose greenhouse in Colombia South America in collaboration with another major international CO2 gas supplier.

The Commercial Feasibility's objectives are to measure faster rose growth to maturity and increased budding while providing more micro-pathogen resistance to mildews with our patent pending. Plant Perimeter Protection™. The CO2 gas delivery and storage infrastructure are being provided by our industrial gas collaboration partner.

The Colombia greenhouse was chosen by this international industrial gas company to assess its potential to roll-out to other South American greenhouses not using CO2 gassing. So why are they interested? Use of our technology creates new CO2 gas demand. That was also why Gulf Cryo, another international Middle East focused industrial gas supplier, joined with us to market our technology in eight different countries there.

Colombia is the largest rose and flower arrangement exporter to the U.S. who imports about 4 billion Colombian flowers annually. Colombia is also #2 globally next to the Netherlands in exporting flower arrangements.

This is our first entry into a South American greenhouse and working with this large industrial gas company. We have also proposed a Commercial Feasibility to a South American greenhouse pepper grower who is contracted with one of the largest U.S. distributors of vegetables.

And Your Michigan Cannabis Press Release?

Three weeks ago, we announced a commercial feasibility installation proceeding in Michigan where their legal cannabis market is just opening up. This cannabis greenhouse customer has 30,000 square feet of grow space so is larger than several we announced previously with 2-3,000 square feet of licensed cannabis and hemp grow space in Canada.

The potential size of Michigan's legal cannabis market has been compared to the current size of Colorado's. Being next door in Ontario to a newly legalized cannabis market should benefit us providing our CO2 Delivery Solutions™ systems to this new US legal cannabis market.

How does the economics of these smaller greenhouses work for you and them?

As I mentioned, our low cost smaller VCO₂ CO₂ Delivery Solutions™ systems have a growth area coverage capacity of up to 10,000 square feet. Cannabis and hemp greenhouse values per square foot still exceed greenhouse vegetables per square foot such as lettuce, peppers and tomatoes. Our technology is therefore more valuable for owners of cannabis and hemp greenhouses than for owners of vegetable greenhouses.

We estimate that most cannabis greenhouse growers with smaller building footprints should enjoy payback economics of as little as one crop cycle if they buy a system. Our shareholders will also benefit from these smaller sales based on our gross margin expectations.

While there are economies of scale installing systems in one million square foot greenhouses, we are finding the economics in small grow areas down to 500 square feet for legal cannabis to be sufficiently profitable for both the grower and our shareholders.

For vegetable greenhouse growers, the payback buying our systems will likely be in the two-year area and require larger grow area footprints to make the economics work for both of us.

The economics will vary based on engineering and design requirements, current irrigation in place and other factors.

Are you still getting Canadian Government support due to COVID-19?

Yes. We took down a \$40,000 interest free loan where 25% is forgivable if paid back in three years and a further \$15,000 for attending a Middle East Ag Tech Conference. On June 16, our Government extended an initial \$2000 per month unemployment support program to six months from four months, now ending in September. Our Canadian staff are on that program. Our sales reps in both the US and Canada are also on 100% success only commissions now with larger payouts in lieu of several that were previously on monthly draws.

We are spending nothing on discretionary items that do not directly lead to sales potential. As we are a mostly a virtual company, nothing has changed for us in how we communicate. CO₂ GRO staff, independent contractors and Ag Industrial Partners continue to move business prospects forward through our online contacts, Zoom, Microsoft Team, Go To, Skype and other software platforms.

What is latest then on Revenue Potential?

We have enough proposals out and commercial feasibilities underway to view 2021 as the year we start generating free cash flow.

We are definitely gaining traction in the smaller greenhouse market that should over time, convince owners of larger greenhouses to buy or lease our systems. We anticipate more multi-tiered grow facility owners will adopt our CO2 technology as we can precisely apply equal amounts of aqueous CO2 to the top plant growth trays as well as to the bottom plant growth trays. You cannot do that with CO2 in gas form as it is 50% heavier than air. Demand is high for new urban grow facilities due to COVID breaking long food supply chains.

We are anticipating announcing new commercial feasibilities in Israel with our partner Dotz Nano and the UAE with our partner Gulf Cryo. As with all potential customers – the acceptance and installation time has to suit their preferences.

Over the next five years, a one percent penetration of the 42 billion square feet of global greenhouses that cannot economically use CO2 but can using our technology would be a great achievement for us.

Aaron, continued good luck to you and your team. Final thoughts for investors?

Our Management team continues to work for no cash until we reach EBITDA positive, a target we set ourselves by 2020 year-end. Few early stage commercial publicly traded companies are run by entrepreneurs willing to do that. We own about 25% of CO2 GRO shares so care a great deal about working to increase shareholder value.

For any listeners interested in following up with our Investor Relations team, you can reach Sam Kanes our VP of Communications at 416-315-7477 or Mike O'Connor Manager of IR at 604-317-6197. They will be glad to assist you understanding our Company's technology and prospects.