



**Kalo Gold Holdings Corp.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2021**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(UNAUDITED)**

**KALO GOLD HOLDINGS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT MAY 31, 2021 AND AUGUST 31, 2020**

*(expressed in Canadian Dollars)*  
*(unaudited)*

	<b>MAY 31, 2021</b>	<b>AUGUST 31, 2020</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,274,367	\$ 257,751
Prepaid expenses (Note 7)	310,103	-
Sales taxes receivable	89,319	-
	<b>1,673,789</b>	<b>257,751</b>
<b>Non-current assets</b>		
Exploration and evaluation asset (Note 8)	1,304	1,304
Equipment (Note 9)	58,586	7,350
Deposits and other assets	-	35,515
Restricted cash	6,742	6,783
	<b>1,740,421</b>	<b>308,703</b>
<b>Total assets</b>	<b>\$ 1,740,421</b>	<b>\$ 308,703</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 10)	\$ 249,053	\$ 142,921
Due to shareholder (Note 14)	-	190,784
	<b>249,053</b>	<b>333,705</b>
<b>Shareholders' deficiency</b>		
Share capital (Note 11)	5,613,100	119
Contributed surplus	6,175,469	6,175,469
Reserves	924,741	220,150
Accumulated other comprehensive loss	(50,121)	(63,016)
Deficit	(11,171,821)	(6,357,724)
	<b>1,491,368</b>	<b>(25,002)</b>
<b>Total liabilities and shareholders' deficiency</b>	<b>\$ 1,740,421</b>	<b>\$ 308,703</b>

Continuance of Operations and Going Concern (Note 2)

Approved and authorized for issue on behalf of the Board of Directors on July 19, 2021

*/s/ Fred Tejada*

Fred Tejada, Director and CEO

*/s/ David Whittle*

David Whittle, Director

The accompanying notes are integral to these unaudited condensed interim consolidated financial statements.

**KALO GOLD HOLDINGS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2021 AND MAY 31, 2020**

*(expressed in Canadian Dollars)*  
*(unaudited)*

	<b>THREE MONTHS ENDED MAY 31, 2021</b>	<b>THREE MONTHS ENDED MAY 31, 2020</b>	<b>NINE MONTHS ENDED MAY 31, 2021</b>	<b>NINE MONTHS ENDED MAY 31, 2020</b>
<b>Operating expenses</b>				
Consulting	\$ 139,805	\$ 2,836	\$ 375,653	\$ 10,602
Depreciation and amortization (Note 9)	6,238	290	6,238	861
Exploration and evaluation (Note 12)	611,582	36,546	954,418	114,771
Foreign exchange loss (gain)	3,759	7	2,695	20
General and administrative expenses	73,619	7,538	126,296	22,026
Investor relations	429,696	-	449,069	-
Legal and professional fees	4,552	21,010	311,041	42,894
Listing expense (Note 6)	-	-	1,456,291	-
Share based payments (Note 11)	152,623	-	1,113,274	-
Travel	-	-	11,528	2,416
<b>Operating loss for the period</b>	<b>(1,421,875)</b>	<b>(68,227)</b>	<b>(4,806,503)</b>	<b>(193,590)</b>
<b>Other expenses</b>				
Interest	1,170	-	(7,594)	-
<b>Net loss</b>	<b>(1,420,704)</b>	<b>(68,227)</b>	<b>(4,814,097)</b>	<b>(193,590)</b>
<b>Other comprehensive income (loss)</b>				
Foreign exchange gain (loss) on translation of foreign operations	11,815	(4,903)	12,895	1,680
<b>Net comprehensive loss for the period</b>	<b>\$ (1,408,889)</b>	<b>\$ (73,130)</b>	<b>\$ (4,801,202)</b>	<b>\$ (191,910)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.03)</b>	<b>\$ (682)</b>	<b>\$ (0.13)</b>	<b>\$ (1,936)</b>
<b>Weighted average number of shares outstanding (basic and diluted)</b>	<b>53,758,076</b>	<b>100</b>	<b>36,006,108</b>	<b>100</b>

The accompanying notes are integral to these unaudited condensed interim consolidated financial statements.

**KALO GOLD HOLDINGS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED MAY 31, 2021 AND MAY 31, 2020**

*(expressed in Canadian Dollars)*  
*(unaudited)*

	<b>NINE MONTHS ENDED MAY 31, 2021</b>	<b>NINE MONTHS ENDED MAY 31, 2020</b>
<b>Cash flows from operating activities</b>		
Net loss for the period	\$ (4,814,097)	\$ (193,590)
Adjustments to net loss		
Depreciation and amortization	6,238	571
Listing expense	1,456,291	-
Share-based payments	1,113,274	-
Changes in non-cash working capital		
Accounts payable and accrued liabilities	(114,608)	(10,256)
Prepaid expenses, deposits and other assets	576,678	(15,512)
Due to shareholder	(190,784)	-
<b>Cash flows used in operating activities</b>	<b>(1,967,008)</b>	<b>(150,560)</b>
<b>Cash flows from investing activities</b>		
Purchase of equipment	(58,178)	(2,753)
Cash received in reverse acquisition of Kalo Gold Holdings Corp.	2,908,446	-
<b>Cash flows used in investing activities</b>	<b>2,850,268</b>	<b>(2,753)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of common shares	4,058,766	-
Share subscriptions received	(3,939,050)	-
Shareholders' contributions	-	125,733
<b>Cash flows from financing activities</b>	<b>119,716</b>	<b>125,733</b>
<b>Effect of foreign exchange on cash</b>	<b>13,640</b>	<b>6,148</b>
<b>Change in cash during the period</b>	<b>1,002,976</b>	<b>(27,580)</b>
<b>Cash – beginning</b>	<b>257,751</b>	<b>199,700</b>
<b>Cash – ending</b>	<b>\$ 1,274,367</b>	<b>\$ 178,268</b>

**Supplemental Cash Flow information**

*Non-cash investing activities:*

6,178,575 common shares, 600,000 stock options, and 176,425 warrants issued in the reverse acquisition of Kalo Gold Holdings Corp.- \$1,365,682

The accompanying notes are integral to these unaudited condensed interim consolidated financial statements.

**KALO GOLD HOLDINGS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE NINE MONTHS ENDED MAY 31, 2021 AND MAY 31, 2020**

*(expressed in Canadian Dollars)*  
*(unaudited)*

	Share capital		Shareholders' contributions	Subscriptions received	Reserves	Accumulated other comprehensive loss	Deficit	Total
	Number of shares	Amount						
<b>Balance – August 31, 2019</b>	100	\$ 119	\$ 6,151,916	\$ -	\$ -	\$ (72,318)	\$ (5,874,662)	\$ 205,055
Net loss for the period	-	-	-	-	-	-	(125,363)	(125,363)
Foreign exchange gain on translation of foreign operations	-	-	-	-	-	6,583	-	6,583
Shareholders' contributions	-	-	125,733	-	-	-	-	125,733
<b>Balance – May 31, 2020</b>	100	\$ 119	\$ 6,277,649	\$ -	\$ -	\$ (65,735)	\$ (6,000,025)	\$ 212,008
<b>Balance – August 31, 2020</b>	12,000,001	\$ 119	\$ 6,175,469	\$ 220,150	\$ -	\$ (63,016)	\$ (6,357,724)	\$ (25,002)
Net loss for the period	-	-	-	-	-	-	(4,814,097)	(4,814,097)
Foreign exchange loss on translation of foreign operations	-	-	-	-	-	12,895	-	12,895
Shares issued for cash	34,044,500	4,172,900	-	(220,150)	-	-	-	3,952,750
Share based payment	-	318,500	-	-	794,774	-	-	1,113,274
Shares issued in the reverse acquisition of Kalo Gold Holdings Corp.	6,178,575	1,235,715	-	-	129,967	-	-	1,365,682
Share issuance costs	1,535,000	(114,134)	-	-	-	-	-	(114,134)
<b>Balance – May 31, 2021</b>	53,758,076	\$ 5,613,100	\$ 6,175,469	\$ -	\$ 924,741	\$ (50,121)	\$ (11,171,821)	\$ 1,491,368

The accompanying notes are integral to these unaudited condensed interim consolidated financial statements.

**KALO GOLD HOLDINGS CORP.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MAY 31, 2021 AND MAY 31, 2020**

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*(expressed in Canadian Dollars)*  
*(unaudited)*

**1. Nature of Business**

Kalo Gold Holdings Corp. ("Kalo" or the "Company"), formerly E36 Capital Corp., was incorporated under the Business Corporation Act (British Columbia) on March 6, 2019. On February 25, 2021, the Company changed its name from E36 Capital Corp. to Kalo Gold Holdings Corp. The Company's common shares are listed on the TSX Venture Exchange under the symbol "KALO". Kalo is a mineral exploration company focused on the Vatu Aurum gold project on Fiji's north island, Vanua Levu. The Company holds two mineral exploration licenses covering over 36,700 hectares of land and on trend with many of the largest gold deposits in the world in the Southwest Pacific Ring of Fire.

The registered office of the Company is located at Suite 1500 - 1055 W Georgia Street, Vancouver, British Columbia V6E 4N7. The head office of the Company is located at Suite 1430, 800 West Pender Street, Vancouver, British Columbia V6C 2V6.

**Reverse Takeover**

On February 25, 2021, the Company completed a reverse takeover transaction pursuant to which it acquired Kalo Gold Corp. ("KGC"), a company incorporated on June 8, 2020 under the Business Corporation Act of the Province of British Columbia.

On August 6, 2020, as part of a corporation reorganization, KGC completed a reverse takeover transaction pursuant to which it acquired Aloki Mining Limited ("Aloki"), a company incorporated under the laws of the British Virgin Islands, on December 8, 2009. Aloki's wholly-owned subsidiary, Kalo Exploration Pte Limited, is a limited liability company formed under the laws of Fiji, holds the license related to the Vatu Aurum Gold Project (Note 6), and is the operator of all related mineral exploration activities.

**2. Continuance of Operations and Going Concern**

These unaudited condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations.

As at May 31, 2021, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day-to-day activities through operations. The Company had an accumulated deficit of \$11,171,821 and working capital of \$1,424,736 as at May 31, 2021, and the management of the Company cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations.

The unaudited condensed interim consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management intends to finance mineral property acquisition, exploration and general administration costs over the next twelve months from proceeds of private placements of its common shares and by receiving contributions from its shareholders.

**KALO GOLD HOLDINGS CORP.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MAY 31, 2021 AND MAY 31, 2020**

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*(expressed in Canadian Dollars)*  
*(unaudited)*

**3. COVID-19 Impact assessment**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

Fiji has been under COVID-19 inter-island travel restrictions since mid-April 2021. Drilling in Qiriyaga Hill and Vuinubu Ridge, on the Vatu Aurum gold project on Fiji's north island, Vanua Levu, will resume when restrictions on inter-island travels are lifted to allow the Company's drillers to return to site. Meantime, the Company will continue with the review of surface and core geology and expand soil sampling in Qiriyaga Zone, mapping of Mouta following the completion of soil sampling and visit to the other prospects. There is no material impact on the Company's operations and consolidated financial statements from the COVID-19 pandemic.

**4. Basis of Preparation and Statement of Compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), has issued by the IASB. Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IFRS has been omitted or condensed. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2020.

These financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit and loss, which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting. The accounting policies set out in Note 5 have been applied consistently by the Company during the periods presented.

The Company's financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value, and are presented in Canadian Dollars except where otherwise indicated.

Where fair value is used to measure assets and liabilities in preparing these financial statements, it is estimated at the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair values are determined from inputs that are classified within the fair value hierarchy defined under IFRS as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly

Level 3 – Inputs for the asset or liability that are unobservable

**5. Significant Accounting Policies**

The Company's accounting policies are the same as those applied in the Company's annual consolidated financial statements for the year-ended August 31, 2020. These condensed interim consolidated financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements for the year ended August 31, 2020.

**KALO GOLD HOLDINGS CORP.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MAY 31, 2021 AND MAY 31, 2020**

*(expressed in Canadian Dollars)*  
*(unaudited)*

**6. Reverse Acquisition**

On February 25, 2021, Kalo and KGC completed a share exchange agreement, whereby Kalo acquired 100% of the issued and outstanding shares of KGC by issuing to former shareholders of KGC 6,178,575 common shares as the company (the "Acquisition").

For accounting purposes, the Reverse Take Over ("RTO") transaction is considered to be an acquisition outside the scope of IFRS 3 Business Combinations since Kalo, prior to the RTO did not constitute a business. The RTO is accounted for in accordance with IFRS 2 Share-based payments whereby KGC is deemed to have issued shares to acquire net assets of Kalo. As a result of the RTO, the statement of financial position has been adjusted for the elimination of Kalo's share capital, contributed surplus and accumulated deficit within shareholders' equity.

The accounting for the RTO results in the following:

- (i) The consolidated financial statements of the combined entities are issued under the legal parent, Kalo, but are considered a continuation of the consolidated financial statements of the legal subsidiary, KGC.
- (ii) Since KGC is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

The allocation of the consideration transferred is subject to change and is summarized as follows:

<b>Purchase Price</b>	
6,178,575 common shares of Kalo	\$ 1,235,715
600,000 stock options of Kalo	108,964
176,425 warrants of Kalo	21,003
<b>Total Purchase Price</b>	<b>\$ 1,365,682</b>
<b>Allocation of Purchase Price</b>	
Cash	\$ 2,908,446
Prepaid expenses and other current assets	918,668
Accounts and accrued liabilities	(220,740)
Share subscriptions	(3,718,900)
Charge related to public company listing	1,456,291
	<b>\$ 1,365,682</b>

**7. Prepaid Expenses**

	<b>May 31, 2021</b>	<b>August 31, 2020</b>
<b>Prepaid expense</b>	<b>\$ 310,103</b>	<b>\$ -</b>
	<b>\$ 310,103</b>	<b>\$ -</b>

Prepaid expenses includes advances for investor relations for \$234,420.

**KALO GOLD HOLDINGS CORP.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MAY 31, 2021 AND MAY 31, 2020**

(expressed in Canadian Dollars)  
(unaudited)

**8. Exploration and Evaluation Asset**

	May 31, 2021	August 31, 2020
<b>Vatu Aurum Gold Project</b>	\$ 1,304	\$ 1,304
	\$ 1,304	\$ 1,304

Kalo Exploration Pte Limited, a wholly owned subsidiary of the Company, acquired Vatu Aurum Gold Project, a Special Prospecting Licence (SPL) 1464 and 1511 in 2009 from Aurum Exploration Ltd. Aurum first applied for the licences in the early 2000's, and received the licences in 2009. Vatu Aurum is located in the North Island of Fiji.

**9. Equipment**

	Equipment	
<b>As at August 31, 2020</b>	\$	93,739
Additions		58,178
Disposals		(621)
Foreign exchange		(3,835)
<b>As at May 31, 2021</b>	\$	147,461
<b>Accumulated depreciation</b>		
<b>As at August 31, 2020</b>	\$	(86,389)
Depreciation		(6,642)
Disposals		621
Foreign exchange		3,535
<b>As at May 31, 2021</b>	\$	(88,875)
<b>Net book value</b>		
<b>As at August 31, 2020</b>	\$	7,350
<b>As at May 31, 2021</b>	\$	58,586

**10. Accounts Payable and Accrued Liabilities**

	May 31, 2021	August 31, 2020
Accounts payable	\$ 226,438	\$ 37,409
Accrued liabilities	22,615	105,512
	\$ 249,053	\$ 142,921

As at May 31, 2021, included in accounts payable are amounts totalling \$10,694 (August 31, 2020 - \$931) due to a related party (Note 14).

**KALO GOLD HOLDINGS CORP.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MAY 31, 2021 AND MAY 31, 2020**

*(expressed in Canadian Dollars)*  
*(unaudited)*

**11. Share Capital**

**(a) Authorized Share Capital**

The Company is authorized to issue unlimited of common shares without par value. At May 31, 2021 the Company had 53,758,076 common shares outstanding.

**(b) Issued Share Capital**

During the nine months ended May 31, 2021, the Company issued common shares as follows:

- On February 25, 2021, the Company issued 18,594,500 common shares for proceeds of \$3,718,900. In connection with the offering, the Company incurred share issuance costs of \$114,134 in cash and issued 1,535,000 at \$0.20 per share as finder's fees.
- On February 25, 2021, the Company issued 6,178,575 common shares in connection with the RTO (Note 6). The fair value of the shares is \$0.20 per share for a total value of \$1,235,715.
- On September 10, 2020, the Company issued 6,500,000 common shares for proceeds of \$6,500. The deemed fair value of the shares is \$0.05 per share and a share based payment of \$318,500 is recorded.
- On September 11, 2020, the Company issued 8,950,000 common shares for proceeds of \$447,500.

**(c) Stock Options**

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company.

The changes in incentive share options outstanding are summarized as follow:

	<b>Weighted average exercise price</b>	<b>Number of shares issued or issuable on exercise</b>
Balance – August 31, 2020	\$ -	-
Stock options issued	\$0.20	4,390,000
Stock options from RTO	\$0.10	600,000
Balance – May 31, 2021	\$0.19	4,990,000

On February 24, 2021, the Company issued 3,620,000 stock options expiring February 24, 2031 with an exercise price of \$0.20. The fair value of the options at the date of the grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.14% per annum, an expected life of option of 10 years, an expected volatility of 100% and no expected dividends. The fair value of the options of \$642,150 has been recorded as share based payment expense.

**KALO GOLD HOLDINGS CORP.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MAY 31, 2021 AND MAY 31, 2020**

*(expressed in Canadian Dollars)*  
*(unaudited)*

**11. Share Capital (continued)**

On February 25, 2021, 600,000 stock options expiring February 28, 2030 issued prior to the reverse takeover of Kalo Gold Holdings Corp. have been revalued using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.14% per annum, an expected life of option of 9 years, an expected volatility of 100% and no expected dividends. The fair value of the options has been determined to be \$108,964 and is incorporated as part of purchase price (Note 6).

On March 1, 2021, 650,000 stock options expiring March 1, 2031 issued prior to the reverse takeover of Kalo Gold Holdings Corp. have been revalued using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.14% per annum, an expected life of option of 10 years, an expected volatility of 100% and no expected dividends. The fair value of the options has been determined to be \$115,303.

On March 4, 2021, 120,000 stock options expiring March 4, 2031 issued prior to the reverse takeover of Kalo Gold Holdings Corp. have been revalued using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.14% per annum, an expected life of option of 10 years, an expected volatility of 100% and no expected dividends. The fair value of the options has been determined to be \$37,320.

Stock options outstanding and exercisable are summarized as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
\$0.34	120,000	9.76	\$0.34	120,000	\$0.34
\$0.20	4,270,000	9.74	\$0.20	4,270,000	\$0.20
\$0.10	600,000	8.75	\$0.10	600,000	\$0.10
	4,990,000	9.85	\$0.19	4,990,000	\$0.19

**(d) Warrants**

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted Average exercise price	Number of shares issued or issuable on exercise
Balance – August 31, 2020	\$ -	-
Share purchase warrants from RTO	\$0.10	176,425
Balance – May 31, 2021	\$0.10	176,425

**KALO GOLD HOLDINGS CORP.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MAY 31, 2021 AND MAY 31, 2020**

(expressed in Canadian Dollars)  
(unaudited)

**11. Share Capital (continued)**

**(d) Warrants (continued)**

The expiry of warrants are as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
February 28, 2020	February 28, 2022	176,425	\$0.10
		176,425	\$0.10

On February 25, 2021, 176,425 warrants expiring February 28, 2022 issued prior to the reverse takeover of Kalo Gold Holdings Corp. have been revalued using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.14% per annum, an expected life of warrants of 2 years, an expected volatility of 100% and no expected dividends. The fair value of the options has been determined to be \$21,003 and is incorporated as part of purchase price (Note 6).

**12. Exploration and Evaluation Expenses**

Exploration and evaluation expenses incurred for the three and nine months ended May 31, 2021 and May 31, 2020 are as follows:

	Three months ended May 31, 2021	Three months ended May 31, 2020	Nine months ended May 31, 2021	Nine months ended May 31, 2020
Assay	\$ 87,442	\$ -	\$ 136,460	\$ 1,349
Camp	49,119	3,624	76,653	8,726
Drilling	80,534	2,673	125,679	24,128
Geology	170,559	-	266,172	-
Geophysics	118,074	-	184,263	-
Operating	103,201	25,888	161,052	70,426
Overhead	2,652	4,361	4,139	10,141
	\$ 611,582	\$ 36,546	\$ 954,418	\$ 114,771

**13. Financial Instruments**

Financial Assets and Liabilities

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

As at May 31, 2021 and August 31, 2020, the Company does not any have level 2 or 3 financial assets or liabilities.

**KALO GOLD HOLDINGS CORP.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MAY 31, 2021 AND MAY 31, 2020**

*(expressed in Canadian Dollars)*  
*(unaudited)*

**13. Financial Instruments (continued)**

Financial Instrument Risk Exposure

The Company's financial instruments expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. These risks arise from the normal course of operations and all transactions are undertaken to support those operations. Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance, in the context of its general capital management objectives.

**14. Related Party Transactions**

The Company's related parties include key management personnel and companies related by way of directors or shareholders in common.

**(a) Key Management Personnel Compensation**

During the three and nine months ended May 31, 2021 and May 31, 2020, the Company paid and/or accrued the following fees to key management personnel:

	Three months ended May 31, 2021	Three months ended May 31, 2020	Nine months ended May 31, 2021	Nine months ended May 31, 2020
Management	\$ 71,325	\$ 1,610	\$ 219,402	\$ 4,830
Director	-	1,883	3,085	5,648
	<b>\$ 71,325</b>	<b>\$ 3,493</b>	<b>\$ 222,487</b>	<b>\$ 10,478</b>

Additional to the fees paid to management personnel in the table above, during the nine months ended, there were also share based payments of \$354,779 and \$106,434 (2020 – \$nil) paid to management and directors respectively. Key management includes the Corporation's Board of Directors and members of senior management.

**(b) Due to/from Related Party**

As at May 31, 2021, the Company has accounts payable of \$10,694 (August 31, 2020 – \$931) due to a related party (President of the Company) and prepaid expenses of \$nil (August 31, 2020 - \$1,739).

**(c) Due to Shareholder**

	May 31, 2021	August 31, 2020
Due to shareholder	\$ -	\$ 190,784
	<b>\$ -</b>	<b>\$ 190,784</b>

As at May 31, 2021, \$nil (August 31, 2020 - \$190,784) is operating expenses paid by the shareholder of the private company prior to RTO. The amount owed to the shareholder is interest free and was repaid during the nine months ended May 31, 2021.