



KALO GOLD CORP.

(An Exploration Stage Company)

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024**

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Kalo Gold Corp.

Opinion

We have audited the consolidated financial statements of Kalo Gold Corp. and its subsidiaries (together, the "Company") which comprise:

- the consolidated statements of financial position as at August 31, 2025 and 2024;
- the consolidated statements of loss and comprehensive loss for the years ended August 31, 2025 and 2024;
- the consolidated statements of cash flows for the years ended August 31, 2025 and 2024;
- the consolidated statements of changes in equity for the years ended August 31, 2025 and 2024; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at August 31, 2025 and 2024 and its consolidated financial performance and its cash flows for the years ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended August 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the Company's Management Discussion and Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Artem Valeev.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
December 22, 2025

KALO GOLD CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT AUGUST 31, 2025 AND 2024
(expressed in Canadian Dollars)

	2025	2024
ASSETS		
Current assets		
Cash (Note 4(b))	\$ 3,178,442	\$ 1,192,169
Prepaid expenses	385,077	94,722
Sales taxes receivable (Note 7)	188,173	25,873
	3,751,692	1,312,764
Non-current assets		
Exploration and evaluation assets (Note 8)	1,304	1,304
Property and equipment (Note 9)	186,223	68,282
Deposits (Note 6)	59,466	60,896
Restricted cash (Note 4(b))	6,902	6,927
Total assets	\$ 4,005,587	\$ 1,450,173
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 10 and 16)	\$ 1,635,701	\$ 524,838
Total liabilities	1,635,701	524,838
Equity		
Share capital (Note 11)	18,223,366	12,564,224
Contributed surplus	6,175,469	6,175,469
Reserves (Note 11)	3,401,680	2,591,193
Accumulated other comprehensive loss	(107,460)	(82,684)
Deficit	(25,323,169)	(20,322,867)
Total equity	2,369,886	925,335
Total liabilities and equity	\$ 4,005,587	\$ 1,450,173

Continuance of operations and going concern (Note 2)
Subsequent event (Note 18)

Approved and authorized for issue on behalf of the Board of Directors on 22, 2025.

<u>"Kevin Ma"</u>	Director	<u>"David Whittle"</u>	Director
Kevin Ma		David Whittle	

The accompanying notes are integral to these consolidated financial statements

KALO GOLD CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024
(expressed in Canadian Dollars)

	2025	2024
Operating expenses		
Consulting fees	\$ 66,786	\$ 7,143
Depreciation and amortization (Note 9)	38,461	35,217
Exploration and evaluation (Note 12 and 16)	2,747,152	365,015
Filing fees	71,318	27,753
Financial advisory	343,297	-
Foreign exchange loss (gain)	9,337	(1,711)
General and administrative expenses	54,599	36,550
Investor relations and marketing	186,545	-
Legal and professional fees	135,245	206,374
Management fees (Note 16)	460,500	484,500
Share-based payments (Note 11 and 16)	252,635	339,104
Travel	98,294	13,386
Loss before other items	(4,464,169)	(1,513,331)
Other income (expenses)		
Interest	23,942	9,697
Recovery of flow-through premium (Note 11)	-	1,553
Gain/(loss) on debt settlement (Note 16)	(520,914)	52,200
Gain on sale of property and equipment (Note 9)	6,740	89,966
Impairment of property and equipment (Note 9)	(27,820)	-
Impairment of mineral property (Note 8)	-	(513,191)
Write-off of VAT receivables	(18,081)	-
Net loss for the year	(5,000,302)	(1,873,106)
Other comprehensive loss		
Items that may be reclassified subsequently to net loss		
Foreign exchange loss on translation of foreign operations	(24,776)	(2,055)
Loss and comprehensive loss for the year	\$ (5,025,078)	\$ (1,875,161)
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)
Weighted average number of common shares outstanding (basic and diluted)	222,045,884	125,154,294

The accompanying notes are integral to these consolidated financial statements.

KALO GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024
(expressed in Canadian Dollars)

	2025	2024
Cash flows used in operating activities		
Net loss for the year	\$ (5,000,302)	\$ (1,873,106)
Adjustments to net loss		
Depreciation and amortization	38,461	35,217
Share-based payments	252,635	339,104
Recovery of flow-through premium	-	(1,553)
(Gain)/loss on debt settlement	520,914	(52,200)
Gain on sale of equipment	(6,740)	(89,966)
Impairment of property and equipment	27,820	-
Impairment of mineral property	-	513,191
Write-off of receivables	18,081	-
Changes in non-cash working capital		
Accounts payable and accrued liabilities	1,495,863	401,878
Prepaid expenses, deposits and other assets	(470,736)	(69,457)
Cash flows used in operating activities	(3,124,004)	(796,892)
Cash flows provided by (used in) investing activities		
Purchase of equipment	(184,222)	-
Disposal of equipment	6,740	90,404
Cash flows provided by (used in) investing activities	(177,482)	90,404
Cash flows from financing activities		
Proceeds from issuance of common shares net of issue costs	5,311,080	1,448,930
Cash flows from financing activities	5,311,080	1,448,930
Effect of foreign exchange on cash	(23,321)	(3,740)
Change in cash during the year	1,986,273	738,702
Cash – beginning	1,192,169	453,467
Cash – ending	\$ 3,178,442	\$ 1,192,169

The accompanying notes are integral to these consolidated financial statements.

KALO GOLD CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024
(expressed in Canadian Dollars)

	<u>Share capital</u>		Contributed Surplus	Reserves	Accumulated Other Comprehensive Loss	Deficit	Total
	Number of shares	Amount					
Balance – August 31, 2023	119,245,551	\$ 10,530,378	\$ 6,175,469	\$ 2,362,089	\$ (80,629)	\$ (18,449,761)	\$ 537,546
Net loss for the year	-	-	-	-	-	(1,873,106)	(1,873,106)
Foreign exchange loss on translation of foreign operations	-	-	-	-	(2,055)	-	(2,055)
Shares issued for cash	50,688,757	1,520,663	-	-	-	-	1,520,663
Shares issued for the settlement of debt	19,310,549	474,916	-	-	-	-	474,916
Shares issued for vesting of RSU	2,000,000	110,000	-	(110,000)	-	-	-
Share-based payments	-	-	-	339,104	-	-	339,104
Share issuance costs	-	(71,733)	-	-	-	-	(71,733)
Balance – August 31, 2024	191,244,857	\$ 12,564,224	\$ 6,175,469	\$ 2,591,193	\$ (82,684)	\$ (20,322,867)	\$ 925,335
Net loss for the year	-	-	-	-	-	(5,000,302)	(5,000,302)
Foreign exchange loss on translation of foreign operations	-	-	-	-	(24,776)	-	(24,776)
Shares issued for cash	109,906,920	5,495,346	-	-	-	-	5,495,346
Units issued for the settlement of debt	7,700,000	500,000	-	405,914	-	-	905,914
Shares issued for vesting of RSU	1,000,000	55,000	-	(55,000)	-	-	-
Share-based payments	-	-	-	252,635	-	-	252,635
Share issuance costs	592,334	(391,204)	-	206,938	-	-	(184,266)
Balance – August 31, 2025	310,444,111	\$ 18,223,366	\$ 6,175,469	\$ 3,401,680	\$ (107,460)	\$ (25,323,169)	\$ 2,369,886

The accompanying notes are integral to these consolidated financial statements.

KALO GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

(expressed in Canadian Dollars)

1. Nature of Business

Kalo Gold Corp. (“Kalo” or the “Company”), was incorporated under the Business Corporation Act (British Columbia) on March 6, 2019. 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 (“Vatu Aurum”) on Fiji’s north island, Vanua Levu and AxelGold Alkalic Gold Project (“AxelGold”), located in Northern British Columbia, Canada.

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 1507, 1030 West Georgia Street, Vancouver, British Columbia V6E 2Y3.

2. Continuance of Operations and Going Concern

These 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 August 31, 2025, 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 \$25,323,169 as at August 31, 2025, and 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 consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty; such adjustments could be material. 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.

3. Basis of Preparation and Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of these financial statements as set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

These consolidated 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 consolidated financial statements have been prepared using the accrual basis of accounting. The accounting policies set out in Note 4 have been applied consistently by the Company during the periods presented.

Where fair value is used to measure assets and liabilities in preparing these consolidated 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:

KALO GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

(expressed in Canadian Dollars)

3. Basis of Preparation and Statement of Compliance (Continued)

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

4. Material Accounting Policies

The material accounting policies used in the preparation of these consolidated financial statements are summarized below.

(a) Basis of Consolidation

The Company's consolidated financial statements include the accounts of the parent company and its subsidiaries. Subsidiaries are entities controlled by the Company, where control is achieved by the Company being exposed to, or having rights to, variable returns from its involvement with the entity and having the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

Company	Place of Incorporation	Ownership
Kalo Gold Corp.	Canada	Parent
Kalo Gold Canada Inc.	Canada	100%
1271895 B.C. Ltd.	Canada	100%
Aloki Mining Limited	British Virgin Islands	100%
Tego Mining Limited	British Virgin Islands	100%
Kalo Exploration Pte Limited	Fiji	100%

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

(b) Cash

Cash shown on the balance sheet is comprised of cash held in banks and cash held in trust account.

As at August 31, 2025, the Company's cash balance is \$3,178,442 (2024 - \$1,192,169). The Company has \$6,902 (2024 - \$6,927) of restricted cash as at August 31, 2025. Restricted cash is held as security deposit for credit card payments by a bank.

(c) Sales taxes receivable

Sales taxes receivable are recognized initially at fair value and subsequently measured at amortized cost. Recoverability of sales tax receivable is assessed at the end of each reporting period.

(d) Property and equipment

i) Recognition and measurement

Items of equipment are measured initially at cost, unless they are acquired as part of a business combination in which case they are initially measured at fair value. Thereafter, equipment is recorded net of accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, estimated decommissioning provisions and borrowing costs on qualifying assets.

KALO GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

(expressed in Canadian Dollars)

4. Material Accounting Policies (Continued)

(d) Property and equipment (Continued)

Cost may also include any gain or loss realized on foreign currency transactions directly attributable to the purchase or construction of equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of equipment have different useful lives, they are accounted for as separate components of equipment. The gain or loss on disposal of an item of equipment is determined by comparing the proceeds from disposal with the carrying amount of equipment and are recognized within other expense or income in earnings.

ii) Subsequent costs

The cost of replacing a part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized and recorded as depreciation expense. The cost of maintenance and repair expenses of the equipment are recognized in operating expenses as incurred.

iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognized in earnings on a straight line basis, which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation methods, useful lives, economic lives and residual values are reviewed annually and adjusted if appropriate. Depreciation begins once the asset is available for use.

The following table outlines the methods used to depreciate equipment:

Building	Straight line – 14%
Field equipment	Straight line – 20%
Office equipment	Straight line – 20%
Vehicles	Straight line – 30%

(e) Exploration and Evaluation Assets

Exploration and evaluation properties consist of payments to acquire property rights. Property acquisition costs are capitalized. Exploration and evaluation costs are expensed to the consolidated statement of loss and comprehensive loss in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent costs are capitalized into development assets.

Development costs incurred on a mineral property are deferred once management has determined based on a feasibility study that a property is capable of economical commercial production as a result of having established proven and probable reserves. Developmental costs are carried at cost less accumulated depletion and accumulated impairment charges. Exploration costs incurred prior to determining a property has economically recoverable resources are expensed as incurred.

KALO GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

(expressed in Canadian Dollars)

4. Material Accounting Policies (Continued)

(e) Exploration and Evaluation Assets (Continued)

At each reporting period, the Company assesses whether there is an indication that the exploration and evaluation assets may be impaired. When impairment indicators exist, or when the decision to proceed with a particular project is taken based on its technical and commercial viability, the Company estimates the recoverable amount of exploration and evaluation asset and compares it against the carrying amount. The recoverable amount is the higher of the fair value less cost of disposal and the exploration and evaluation asset's value in use. If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the consolidated statement of loss and comprehensive loss for the period. In calculating the recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the exploration and evaluation asset. The cash flows are based on the best estimate of expected future cash flows from the continued use of the exploration and evaluation asset.

Once a mine has achieved commercial production, mineral properties and development costs are depleted on a unit of production basis over the life of the mine.

(f) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in profit or loss in the period of such reversal.

KALO GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

(expressed in Canadian Dollars)

4. Material Accounting Policies (Continued)

(g) Current and Deferred Income Taxes

Income tax expense comprises current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss except to the extent that they relate to a business combination or to items recognized directly in equity or in other comprehensive income.

Current income taxes are the expected taxes payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous periods.

Deferred income taxes are recognized using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. However, deferred income taxes are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss.

Deferred income taxes are determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are presented as non-current in the consolidated financial statements.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right of offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

(h) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities and include key management of the Company and its parent. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

KALO GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

(expressed in Canadian Dollars)

4. Material Accounting Policies (Continued)

(i) Foreign Currencies

The consolidated financial statements are presented in Canadian dollars (CAD). The functional currencies of the Company and its controlled entities are measured using the principal currency of the primary economic environment in which each entity operates. The functional currency of the Canadian entities is CAD, the functional currency of the BVI entities is US dollars (USD), and the functional currency of the Fijian entity is Fijian dollars (FJD).

Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are retranslated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Foreign exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the costs of assets when they are regarded as an adjustment to interest costs on those currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation which settlement is neither planned nor likely to occur, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Group companies:

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their statements of loss are translated at average exchange rates. The exchange differences arising on translation are recognized in other comprehensive income ("OCI"). On disposal of a foreign operation, the component of OCI relating to that foreign operation is reclassified to profit or loss.

(j) Loss Per Share

Basic loss per share is calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated using the treasury share method whereby all "in the money" options, warrants and equivalents are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period.

Where dilutive potential ordinary shares have an anti-dilutive impact they are excluded from the calculation of diluted loss per share.

KALO GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

(expressed in Canadian Dollars)

4. Material Accounting Policies (Continued)

(k) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

(l) Financial Instruments

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) ("FVOCI") 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 FVOCI. 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 if the Company has opted to measure them at FVTPL.

The classifications and measurement of the Company's financial assets and liabilities are as follows:

Assets/liabilities	Classification and measurement
Cash	FVTPL
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

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4. Material Accounting Policies (Continued)

(I) Financial Instruments (Continued)

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

Impairment of financial assets

IFRS 9, *Financial Instruments*, uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An expected credit loss impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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4. Material Accounting Policies (Continued)

(l) Financial Instruments (Continued)

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized costs. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on de-recognition are generally recognized in profit or loss.

(m) Decommissioning Liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration and evaluation assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. The Company does not currently have material rehabilitation requirements.

(n) Share-Based Compensation

The Company may grant stock options to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options are measured on the date of grant, using the Black-Scholes option pricing model with an expense recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based compensation is transferred to deficit.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

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4. Material Accounting Policies (Continued)

(o) Adoption of New or Amended Accounting Standards

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after January 1, 2025, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not anticipate any material changes to the consolidated financial statements upon adoption of these new revised accounting pronouncements:

- IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosure*, were amended by the IASB in May 2024, with mandatory application of the standard in annual reporting periods beginning on or after January 1, 2026.
- IFRS 18 *Presentation and Disclosure in Financial Statements* was issued by the IASB in April 2024, with mandatory application of the standard in annual reporting periods beginning on or after January 1, 2027.

Management is currently assessing the impact of these standards on the consolidated financial statements. No standards have been early adopted in the current period and expected to have a material impact on the Company's consolidated financial statements.

There are no other IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

5. Material Accounting Judgments and Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ significantly from these estimates.

Areas requiring a significant degree of judgment that have the most significant effect on the amounts recognized in the Company's consolidated financial statements are as follows:

- *Going Concern*

The assessment of the Company's ability to continue as a going concern involves critical judgement based on historical experience and expectations of the Company's ability to generate adequate financing. Significant judgements are used in the Company's assessment of its ability to continue as a going concern.

- *Functional Currency*

The functional currency of Canadian entities is CAD, the functional currency of the BVI entities is US dollars (USD), and the functional currency of Fijian entity is Fijian dollars (FJD) - the currencies of the primary economic environment in which the entities operate. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Corporation reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

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5. Material Accounting Judgements and Estimates (Continued)

• *Income Taxes*

Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases (“temporary differences”), and losses carried forward.

The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgement and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company will benefit from these prior losses and other deferred tax assets. Change in economic conditions, metal prices and other factors could result in revision to the estimates of the benefits to be realized or the timing of utilizing the losses.

• *Sales Tax Receivable*

The Company incurs indirect taxes, including as value-added taxes, on purchases of goods and services at its exploration and evaluation projects in Fiji.

Indirect tax balances are recorded at their estimated recoverable amounts within current or long-term assets and reflect the Company’s best estimate of their recoverability under existing tax rules in their respective jurisdictions in which they arise. Management’s assessment of recoverability considers the probable outcomes of claimed deductions and disputes.

• *Impairment of Property and Equipment*

The carrying amounts of the Company’s equipment are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any.

• *Share-Based Compensation*

In determining the fair value of share-based compensation, the Company uses the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of highly subjective assumptions such as the expected life of the options, estimates of interest rates and share price volatility that can materially affect the fair value estimate.

6. Deposits

	August 31, 2025	August 31, 2024
Deposits	\$ 59,466	\$ 60,896

As at August 31, 2025, the Company held a term deposit of the amount in Fijian (FJD) \$ 99,620 (2024 – FJD \$99,620) for an environmental bond with the Mineral Resource Department of Fiji for the Vatu Aurum Gold Project. An amount is required to either be held as a deposit or paid directly to the Mineral Resource Department of Fiji for the environmental bond in accordance with the budgeted exploration expenses.

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7. Sales Tax Receivables

	August 31, 2025	August 31, 2024
VATs receivable	\$ 169,533	\$ 21,110
GST and other receivables	18,640	4,763
	\$ 188,173	\$ 25,873

8. Exploration and Evaluation Assets

	August 31, 2025	August 31, 2024
Vatu Aurum Gold Project, Fiji	\$ 1,304	\$ 1,304
	\$ 1,304	\$ 1,304

Kalo Exploration Pte Limited, a wholly-owned subsidiary of the Company, owns 100% of the Vatu Aurum Gold Project ("Vatu Aurum"). Vatu Aurum consists of Special Prospecting Licences (SPL) 1464 and 1511, granted by the Mineral Resource Department ("MRD") of Fiji, and is located on Vanua Levu (North Island), Republic of Fiji.

SPL 1464 and 1511 have minimum spending targets as follows:

For the 12 months ending	Minimum Annual Expenditures FJD \$
SPL 1464	
July 3, 2024	400,000
July 3, 2025	600,000
July 3, 2026	800,000
July 3, 2027	1,800,000
July 3, 2028	1,800,000
Total SPL 1464	5,400,000
SPL 1511	
March 3, 2026	120,000
March 3, 2027	170,000
March 3, 2028	300,000
Total SPL 1511	590,000

During the year ended August 31, 2025, SPL 1511 was successfully renewed for a further term of 36 months from March 27, 2025 to March 28, 2028.

During the year ended August 31, 2025, the Company recorded an impairment of \$nil (2024 - \$513,191) on the AxelGold Alkalic Gold Project in Canada, as the Company had not budgeted further expenditures on exploration of the property.

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9. Property and Equipment

	Office Equipment	Vehicles	Field Equipment	Building	Total
As at August 31, 2023	\$ 26,305	\$ 68,910	\$ 135,584	\$ -	\$ 230,799
Disposals	-	(3,056)	-	-	(3,056)
As at August 31, 2024	\$ 26,305	\$ 65,854	\$ 135,584	\$ -	\$ 227,743
Additions	-	62,240	-	121,982	184,222
Disposals	(6,755)	-	(8,344)	-	(15,099)
Impairment	-	-	(27,820)	-	(27,820)
As at August 31, 2025	\$ 19,550	\$ 128,094	\$ 99,420	\$ 121,982	\$ 369,046
Accumulated depreciation					
As at August 31, 2023	\$ (16,670)	\$ (49,077)	\$ (61,553)	\$ -	\$ (127,300)
Depreciation	(3,596)	(9,039)	(22,582)	-	(35,217)
Disposals	-	3,056	-	-	3,056
As at August 31, 2024	\$ (20,266)	\$ (55,060)	\$ (84,135)	\$ -	\$ (159,461)
Depreciation	(3,596)	(13,118)	(21,747)	-	(38,461)
Disposals	6,755	-	8,344	-	15,099
As at August 31, 2025	\$ (17,107)	\$ (68,178)	\$ (97,538)	\$ -	\$ (182,823)
Net book value					
As at August 31, 2024	\$ 6,039	\$ 10,794	\$ 51,449	\$ -	\$ 68,282
As at August 31, 2025	\$ 2,443	\$ 59,916	\$ 1,882	\$ 121,982	\$ 186,223

At the end of August 2025, the Company completed the building of a barracks in Fiji for total costs of \$121,982. The barracks was available for use at the beginning of September 2025, and as such, no depreciation was recorded during the year ended August 31, 2025.

During the year ended August 31, 2025, the Company sold equipment for 11,064 FJD (2024 - 170,000 FJD). The Company recorded a gain of 11,064 FJD (\$6,740) (2024 - 147,826 FJD (\$89,966)) as a result of the sale. During the year ended August 31, 2025, the Company recorded impairment of \$27,820 on field equipment (2024 - \$nil).

10. Accounts Payable and Accrued Liabilities

	August 31, 2025	August 31, 2024
Accounts payable	\$ 1,420,075	\$ 406,669
Accrued liabilities	215,626	118,169
	\$ 1,635,701	\$ 524,838

As at August 31, 2025, included in accounts payable are amounts totalling \$10,583 (2024 - \$635) due to related parties (Note 16).

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11. Share Capital

(a) Authorized Share Capital

The Company is authorized to issue unlimited common shares without par value.

(b) Issued Share Capital

During the year ended August 31, 2025, the Company issued common shares as follows:

- On July 25, 2025, the Company issued 10,000,000 units for gross proceeds of \$500,000 in the final tranche of a non-brokered private placement. Each unit consists of one common share and one share purchase warrant, exercisable at \$0.08 per warrant for 24 months from the date of issuance. \$Nil value was allocated to the share purchase warrants.
- On July 3, 2025, the Company issued 24,371,920 units for gross proceeds of \$1,218,596 in the second tranche of a non-brokered private placement. Each unit consists of one common share and one share purchase warrant, exercisable at \$0.08 per warrant for 24 months from the date of issuance. \$Nil value was allocated to the share purchase warrants. In connection with the issuance, the Company recorded share issuance costs of \$59,243 in cash and 592,334 common shares as finders' fees. The Company further issued 1,100,334 share purchase warrants, exercisable at \$0.08 per warrant for 24 months from the date of issuance, to unrelated third parties and recorded \$71,700 as a share issuance cost.

The Company issued further 1,900,000 units with common shares with a fair value of \$152,000 and warrants valued at \$123,809 (Note 11 (d)) for the settlement of \$95,000 of payables. The Company recorded a loss on debt settlement of \$181,809.

- On May 12, 2025, the Company issued 75,535,000 units for gross proceeds of \$3,776,750 in a first tranche of a non-brokered private placement. Each unit consists of one common share and one share purchase warrant, exercisable at \$0.08 per warrant for 24 months from the date of issuance. \$Nil value was allocated to the share purchase warrants. In connection with the issuance, the Company recorded share issuance costs of \$125,023 in cash finders' fees. The Company further issued 2,780,450 share purchase warrants, exercisable at \$0.08 per warrant for 24 months from the date of issuance, to unrelated third parties and recorded \$135,238 as a share issuance cost.

The Company further issued 5,800,000 units with common shares with a fair value of \$348,000 and warrants valued at \$282,109 (Note 11 (d)) for the settlement of \$290,000 of payables. The Company recorded a loss on debt settlement of \$339,105.

- On November 14, 2024, the Company issued 1,000,000 common shares for the vesting of RSUs to an officer of the Company.

During the year ended August 31, 2024, the Company issued common shares as follows:

- Between July 22 and August 14, 2024, the Company issued 50,688,757 common shares for gross proceeds of \$1,520,663 in a non-brokered private placement. In addition, the Company issued 7,966,666 common shares to certain officers and directors of the Company for the settlement of outstanding accounts payable balance of \$239,000. The Company further issued 903,883 common shares to an unrelated third party for settlement of outstanding accounts payable balance of \$27,116. In connection with the private placement that closed between July 22 and August 14, 2024, the Company incurred \$71,733 of share issuance costs.

KALO GOLD CORP.
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11. Share Capital (Continued)

- On March 19, 2024, the Company issued 10,440,000 common shares for the settlement of outstanding accounts payable balance to certain officers and directors of the Company. The Company recorded \$208,800 in equity and a \$52,200 gain on settlement of debt.
- On January 24, 2024, 2,000,000 Restricted Share Units (“RSU’s”) vested and were converted to common shares. The Company recorded a \$110,000 charge to equity.

(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.

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

	Weighted average exercise price	Number of shares issued or issuable on exercise
Balance – August 31, 2024 and 2023	\$0.14	11,070,000
Stock options granted	0.05	500,000
Balance – August 31, 2025	\$0.14	11,570,000

(c) Stock Options (Continued)

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	0.06	\$0.34	120,000	\$0.34
\$0.26	900,000	0.07	\$0.26	900,000	\$0.26
\$0.20	3,770,000	1.79	\$0.20	3,770,000	\$0.20
\$0.10	4,950,000	1.09	\$0.10	4,950,000	\$0.10
\$0.05	1,830,000	0.43	\$0.05	1,830,000	\$0.05
	11,570,000	3.43	\$0.14	11,570,000	\$0.14

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11. Share Capital (Continued)

On December 16, 2024, the Company issued 500,000 stock options expiring December 16, 2029 with an exercise price of \$0.05. 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 2.96% per annum, an expected life of option of 5 years, an expected volatility of 128.83% and no expected dividends. Expected volatility is determined using the average volatility of comparative companies over the expected life of the option. The fair value of the options of \$16,894 has been recorded as share-based payment expense. Half of the stock options vest immediately upon grant and the remaining half of the stock options vest one year from the date of grant. During the year ended August 31, 2025, the Company recorded share-based payments related to the vesting of the stock options of \$8,956.

(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, 2023	\$0.10	2,144,936
Share purchase warrants expired	\$0.25	(492,936)
Balance – August 31, 2024	\$0.05	1,652,000
Share purchase warrants issued	\$0.08	121,487,704
Share purchase warrants expired	\$0.05	(1,652,000)
Balance – August 31, 2025	\$0.08	121,487,704

The expiry of warrants are as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
May 12, 2025	May 13, 2027	84,115,450	\$0.08
July 03, 2025	July 03, 2027	27,372,254	\$0.08
July 25, 2025	July 25, 2027	10,000,000	\$0.08
		121,487,704	\$0.08

On January 11, 2025, 1,652,000 warrants expired unexercised.

On May 12, 2025, the Company issued 2,780,450 share purchase warrants expiring two years from the issuance were valued using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 2.58% per annum, an expected life of warrants of 2 years, an expected volatility of 194% and no expected dividends. The fair value of the warrants was determined to be \$135,238.

On May 12, 2025, the Company issued 5,800,000 share purchase warrants associated with the debt settlement for units (see Note 11 (b)) expiring two years from the issuance were valued using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 2.58% per annum, an expected life of warrants of 2 years, an expected volatility of 194% and no expected dividends. The fair value of the warrants was determined to be \$282,109.

KALO GOLD CORP.
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11. Share Capital (Continued)

On July 3, 2025, the Company issued 1,100,334 share purchase warrants (see Note 11 (b)) expiring two years from the issuance were valued using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 2.69% per annum, an expected life of warrants of 2 years, an expected volatility of 185% and no expected dividends. The fair value of the warrants was determined to be \$71,700.

On July 3, 2025, the Company issued 1,900,000 share purchase warrants associated with the debt settlement for units (see Note 11 (b)) expiring two years from the issuance were valued using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 2.69% per annum, an expected life of warrants of 2 years, an expected volatility of 185% and no expected dividends. The fair value of the warrants was determined to be \$123,809.

(e) Restricted Share Units

On October 14, 2022, the Company issued 3,000,000 Restricted Share Units ("RSU") to the CEO of the Company expiring December 31, 2025. 2,000,000 RSUs vested in 12 months from the date of grant, 500,000 RSUs vest in 18 months from the date of grant, and the remaining 500,000 RSUs vest 12 months from the date of grant. The 3,000,000 RSUs are valued at the date of grant at \$165,000, of which, \$1,657 has been recorded as a share-based payment during the year ended August 31, 2025 (2024 - \$38,419). On October 22, 2023, 2,000,000 RSUs vested and common shares were issued on January 24, 2024. On October 14, 2024, the remaining 1,000,000 RSUs vested and on November 14, 2024, 1,000,000 common shares were issued.

(f) Deferred Share Units

On January 11, 2023, the Company issued 5,000,000 Deferred Share Units ("DSU"). The DSUs vest 12 months from the date of grant. The 5,000,000 are valued at the date of grant at \$675,000, of which \$nil has been recorded as a share-based payment during the year ended August 31, 2025 (2024 - \$255,205).

On March 18, 2024, the Company issued 5,000,000 DSUs. The DSUs vest 12 months from the date of grant. The 5,000,000 are valued at the date of grant at \$100,000, of which \$54,521 has been recorded as a share-based payment during the year ended August 31, 2025 (2024 - \$45,479).

On December 16, 2024, the Company issued 6,621,096 DSUs. The DSUs vest 12 months from the date of grant. The 6,621,096 are valued at the date of grant at \$264,844, of which \$187,202 has been recorded as a share-based payment during the year ended August 31, 2025.

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12. Exploration and Evaluation Expenses

The exploration and evaluation expenditures were incurred in relation to the Vatu Aurum and AxelGold (Note 8). Exploration and evaluation expenses are as follows:

Exploration and evaluation expenses for the year ended August 31, 2025 are as follows:

	AxelGold		Vatu Aurum		Total
Assay	\$	-	\$	32,620	\$ 32,620
Camp		-		233,779	233,779
Drilling		-		915,488	915,488
Geology		-		673,773	673,773
Geophysics		-		13,374	13,374
Operating		-		426,031	426,031
Overhead		-		452,087	452,087
	\$	-	\$	2,747,152	\$ 2,747,152

Exploration and evaluation expenses for the year ended August 31, 2024 are as follows:

	AxelGold		Vatu Aurum		Total
Assay	\$	-	\$	-	\$ -
Camp		-		34,548	34,548
Drilling		-		11,827	11,827
Geology		7,841		60,224	68,065
Geophysics		-		2,257	2,257
Operating		-		28,319	28,319
Overhead		-		219,999	219,999
	\$	7,841	\$	357,174	\$ 365,015

13. Income Tax

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	August 31, 2025		August 31, 2024	
Net loss for the year	\$	5,000,302	\$	1,873,106
Net loss exempted for tax in BVI		-		-
Total net loss subject to income tax		5,000,302		1,873,106
Income tax recovery at statutory rate of 27%		(1,150,746)		(505,739)
Change in statutory tax rates and other		325,926		(1,147,754)
Permanent difference		209,559		216,239
Share issuance costs		49,752		19,368
Adjustment to prior year's provision versus statutory tax returns and expiry of non-capital losses		-		-
Change in unrecognized deferred tax assets		565,509		1,417,886
Income tax provision	\$	-	\$	-

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13. Income Tax (Continued)

The significant components of deferred tax assets (liabilities) are as follows:

	August 31, 2025	August 31, 2024
Property and equipment	\$ 5,091	\$ 34,886
Exploration and evaluation expenditures	1,480,417	1,149,722
Share issuance costs	150,830	201,062
Non-capital losses - Canada	2,594,902	2,280,061
Unrecognized deferred tax assets	(4,231,240)	(3,665,731)
Net deferred income tax assets	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2025	Expiry date range	2024	Expiry date range
Temporary Differences				
Property and equipment	\$ 21,838	No expiry date	\$ 171,031	No expiry date
Exploration and evaluation expenditures	7,402,084	No expiry date	5,692,688	No expiry date
Share issuance cost	558,631	2025 to 2030	744,674	2024 to 2027
Non-capital losses available for future periods - Canada	9,616,071	2040 to 2045	8,571,379	2040 to 2043

14. Management of Capital

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain sufficient funds to finance the development of the Vatu Aurum property. Capital is comprised of the Company's shareholders' equity. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

There was no change to the Company's management of capital during the year ended August 31, 2025. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements.

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15. 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 consolidated financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

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.

Concentration of Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in Note 14.

As at August 31, 2025, the Company has a cash balance of \$3,178,442 (2024 - \$1,192,169) to settle current liabilities of \$1,635,701 (2024 - \$524,838). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk of cash balances. The Company periodically monitors cash balances and is of the opinion that it has no significant exposure at August 31, 2025 and 2024 to interest rate risk through its other financial instruments.

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15. Financial Instruments (Continued)

Currency Risk

Currency risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company is exposed to foreign currency risk on fluctuations related to cash, deposits and other current assets, and accounts payable and accrued liabilities that are denominated in Fijian Dollars. The Company has not used derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations. Net assets exposed to foreign currency risk total FJD 36,544 (\$22,260). A 5% change in the CAD-FJD foreign exchange rate would affect comprehensive loss by approximately \$1,113 (2024 - \$6,709).

16. Related Party Transactions

The Company's related parties include key management personnel and companies related by way of directors or shareholders in common. Key management includes the Board of Directors and members of senior management.

(a) Key Management Personnel Compensation

The Company paid and/or accrued the following compensation to key management personnel:

	August 31, 2025	August 31, 2024
Management Fees and Exploration Overhead		
Management	\$ 622,500	\$ 634,500
Director	20,000	-
Share-based payments		
Management	\$ 145,357	\$ 231,136
Director	57,199	60,137
	\$ 845,056	\$ 925,773

On March 18, 2024, the Company issued 5,000,000 DSUs to related parties. The DSUs vest 12 months from the date of grant. The 5,000,000 were valued at the date of grant at \$100,000, of which \$45,479 has been recorded as a share-based payment during the year ended August 31, 2025 (2024 - \$45,479).

(b) Due to Related Parties

As at August 31, 2025, the balances payable to related parties are \$10,583 (2024 – \$635). Balances are unsecured, non-interest bearing and due on demand.

(c) Transactions with Related Parties

Between May 12 and July 25, 2025, the Company issued 1,200,000 units to certain officers of the Company for the settlement of outstanding account payables balance of \$60,000. Refer to Note 11(b) for additional details.

Between July 22 and August 14, 2024, the Company issued 7,966,666 common shares to certain officers and directors of the Company for the settlement of outstanding accounts payable balance of \$239,000.

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16. Related Party Transactions (Continued)

(c) Transactions with Related Parties (Continued)

On March 19, 2024, the Company issued 10,440,000 common shares for the settlement of outstanding accounts payable balance to certain officers and directors of the Company. The company recorded \$208,800 in equity and a \$52,200 gain on settlement of debt.

17. Geographic Segment Information

The breakdown by geographic area as at August 31, 2025 is as follows

	Canada		Fiji		BVI	Consolidated
Assets	\$	2,903,143	\$	1,102,244	\$ 201	\$ 4,005,587
Liabilities		725,374		896,681	13,646	1,635,701
Operating expenses	\$	1,655,687	\$	2,808,482	\$ -	\$ 4,464,169

The breakdown by geographic area as at August 31, 2024 is as follows

	Canada		Fiji		BVI	Consolidated
Assets	\$	1,267,909	\$	182,066	\$ 198	\$ 1,450,173
Liabilities		497,675		13,877	13,286	524,838
Operating expenses	\$	1,331,473	\$	181,858	\$ -	\$ 1,513,331

18. Subsequent event

On November 25, 2025, the Company issued 4,000,000 common shares for the settlement of \$400,000 of payables to a non-related third party supplier of the Company.