KALO GOLD CORP.

(An Exploration Stage Company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

KALO GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2023 AND AUGUST 31, 2023

(Unaudited, expressed in Canadian Dollars)

		NOVEMBER 30, 2023		AUGUST 31, 2023
ASSETS				
Current assets				
Cash	$	306,963	$	453,467
Prepaid expenses		8,784		13,286
Sales taxes receivable		43,730		37,852
		359,477		504,605
Non-current assets				
Exploration and evaluation asset (Note 6 and 8)		514,495		514,495
Equipment (Note 9)		94,321		103,499
Deposits (Note 7)		60,601		59,776
Restricted cash		6,893		6,799
Total assets	$	1,035,787	$	1,189,174
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 10)	$	678,022	$	650,075
Flow-through liability (Note 11)		1,167		1,553
Total liabilities		679,189		651,628
Shareholders' equity				
Share capital (Note 11)		10,640,378		10,530,378
Contributed surplus		6,175,469		6,175,469
Reserves (Note 11)		2,441,627		2,362,089
Accumulated other comprehensive loss		(86,001)		(80,629)
Deficit		(18,814,875)		(18,449,761)
Total shareholders' equity		356,598		537,546
Total liabilities and shareholders' equity	$	1,035,787	$	1,189,174

Continuance of Operations and Going Concern (Note 2)
Subsequent Events (Note 16)

Approved and authorized for issue on behalf of the Board of Directors on January 29, 2024

/s/ Kevin Ma
Kevin Ma, Director

/s/ David Whittle
David Whittle, Director

KALO GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022

(Unaudited, expressed in Canadian Dollars)

		THREE MONTHS ENDED		
		NOVEMBER 30, 2023		**NOVEMBER 30, 2022**
Operating expenses				
Consulting and management fees (Note 14)	$	115,125	$	181,487
Depreciation and amortization (Note 8)		8,740		8,871
Exploration and evaluation (Note 12)		108,817		147,022
Foreign exchange loss		1,457		(2,456)
General and administrative expenses		5,397		17,504
Investor relations and marketing		6,000		91,495
Legal and professional fees		18,464		17,291
Share based compensation (Note 11)		189,538		80,891
Travel		1,042		5,226
		(454,580)		(547,331)
Other income				
Interest		(886)		559
Recovery of flow-through premium		386		26,728
Gain on sale of equipment		89,966		-
GST recovery		-		56,228
Net loss		(365,114)		(463,816)
Other comprehensive income				
Items that may be reclassified subsequently to net loss				
Foreign exchange loss on translation of foreign operations		(5,372)		6,439
Net comprehensive loss for the period	$	(370,486)	$	(457,377)
Basic and diluted loss per share	$	(0.00)	$	(0.01)
Weighted average number of shares outstanding (basic and diluted)		120,102,694		73,159,886

KALO GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022

(Unaudited, expressed in Canadian Dollars)

	THREE MONTHS ENDED	
	NOVEMBER 30, 2023	**NOVEMBER 30, 2022**
Cash flows from operating activities		
Net loss for the period	$ (365,114)	$ (463,816)
Adjustments to net loss		
Depreciation and amortization	8,740	8,871
Share based compensation	189,538	80,891
Recovery of flow-through premium	(386)	(26,728)
Gain on sale of equipment	(89,966)	-
Interest expense	1,351	147
GST recovery	-	(56,228)
Changes in non-cash working capital		
Accounts payable and accrued liabilities	27,947	190,423
Prepaid expenses, deposits and other assets	(1,376)	147,610
Cash flows used in operating activities	(229,266)	(118,830)
Cash flows from investing activities		
Proceeds from disposal of equipment	90,404	-
Cash flows from investing activities	90,404	-
Cash flows from financing activities		
Proceeds from issuance of common shares net of issue costs	-	124,128
Borrowing from loan liabilities	-	20,654
Cash flows from financing activities	-	144,782
Effect of foreign exchange on cash	(7,642)	2,325
Change in cash during the period	(146,504)	28,277
Cash – beginning	453,467	70,608
Cash – ending	$ 306,963	$ 98,885

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

KALO GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022

(Unaudited, expressed in Canadian Dollars)

	Share capital						
	Number of shares	**Amount**	**Contributed Surplus**	**Reserves**	**Accumulated other comprehensive loss**	**Deficit**	**Total**
Balance – August 31, 2022	63,728,420	$ 7,394,195	$ 6,175,469	$ 1,137,211	$ (48,852)	$ (14,953,540)	$ (295,517)
Net loss for the period	-	-	-	-	-	(463,816)	(3,496,221)
Foreign exchange loss on translation of foreign operations	-	-	-	-	6,439	-	6,439
Shares issued for cash	2,040,000	132,600	-	-	-	-	132,600
Shares issued in acquisition of 1271895 B.C. Ltd	7,496,250	487,256	-	-	-	-	487,256
Share issuance costs	-	(857)	-	-	-	-	(857)
Share-based payments				80,891			80,891
Balance – November 30-, 2022	73,264,680	$ 8,013,194	$ 6,175,469	$ 1,218,102	$ (42,413)	$ (15,417,356)	$ (53,004)
Net loss for the period	-	-	-	-	-	(3,032,405)	(3,032,405)
Foreign exchange loss on translation of foreign operations	-	-	-	-	(38,216)	-	(38,216)
Shares issued for cash	40,000,000	2,000,000	-	-	-	-	2,000,000
Shares issued for the settlement of debt	5,980,871	777,605	-	-	-	-	777,605
Stock options issued for services	-	-	-	140,857	-	-	140,857
Share-based payments	-	-	-	836,914	-	-	836,914
Share issuance costs	-	(260,421)	-	166,216	-	-	(94,205)
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 period	-	-	-	-	-	(365,114)	(365,114)
Foreign exchange loss on							(5,372)
translation of foreign operations	-	-	-	-	(5,372)	-	
Shares issued for vesting of Restricted Share Units	2,000,000	110,000	-	(110,000)	-	-	-
Share based compensation	-	-	-	189,538	-	-	189,538
Balance –November 30, 2023	121,245,551	$ 10,640,378	$ 6,175,469	$ 2,441,627	$ (86,001)	$ (18,814,875)	$ 356,598

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

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 on Fiji's north island, Vanua Levu.

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 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 November 30, 2023, the Company had not advanced its exploration and evaluation assets to commercial production, is not able to finance its day-to-day activities through operations, had an accumulated deficit of $18,814,875 and insufficient financial resources to achieve profitable operations or become cash flow positive, 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 to finance that objective. 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 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.

3. 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 Corporation's audited consolidated financial statements for the year ended August 31, 2023.

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 4 have been applied consistently by the Corporation 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.

(Unaudited, expressed in Canadian Dollars)

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

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 asset 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 condensed interim consolidated financial statements are summarized below.

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.

(a) Cash

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

As at November 30, 2023, the Company's cash balance is $306,963 (August 31, 2023 - $453,467). The Company has $6,893 (August 31, 2023 - $6,799) of restricted cash as at November 30, 2023. Restricted cash is held as security deposit for credit card payments by a bank.

(b) 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.

4. Material Accounting Policies (Continued)

(c) Equipment (Continued)

i) Recognition and measurement (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 earnings 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 or declining balance 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.

The following table outlines the methods used to depreciate equipment:

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

(d) 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.

4. Material Accounting Policies (Continued)

(d) 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.

(e) 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.

(f) 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 Kalo 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.

4. Material Accounting Policies (Continued)

(f) Foreign Currencies (Continued)

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 profit or 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.

(g) 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.

(h) 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.

(i) 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.

4. Material Accounting Policies (Continued)

(i) Financial Instruments (Continued)

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

Asset/ liabilities	IFRS 9
Cash	FTVPL
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

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 and digital assets are 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.

4. Material Accounting Policies (Continued)

(i) Financial Instruments (Continued)

Impairment of financial assets (Continued)

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.

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.

(j) 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.

(k) 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.

4. Material Accounting Policies (Continued)

(l) Flow-Through Shares

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration programs. These shares transfer the tax deductibility of the qualifying resource expenditures to investors. On issuance, the Company splits the flow-through shares into: i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability; and ii) share capital. When expenses are incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The deferred tax liability will be reduced to the extent that deferred tax asset is available to offset. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

5. Significant 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.

- *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.

(Unaudited, expressed in Canadian Dollars)

6. Acquisition of 1271895 B.C. Ltd.

On September 1, 2022, Kalo and 1271985 B.C. Ltd. completed a share exchange agreement, whereby Kalo acquired 100% of the issued and outstanding shares of 1271985 B.C. Ltd. by issuing to former shareholders of 1271985 B.C. Ltd., 7,496,250 common shares of the Company (the "Acquisition"). The sole asset of 1271985 B.C. Ltd was a 100% interest in the AxelGold Alkalic Gold Project located in northern British Columbia. The fair value of the shares issued under the Acquisition was determined to be $487,256. In addition, the Company paid $25,935 in transaction costs which have been capitalized to the AxelGold mineral property.

For accounting purposes, the Acquisition is considered to be an acquisition outside the scope of IFRS 3 Business Combinations since 1271895 B.C. Ltd., prior to the Acquisition, did not constitute a business. The Acquisition is accounted for in accordance with IFRS 2 Share-Based Payment whereby Kalo issued shares to acquire the net assets of 1271895 B.C. Ltd.

The allocation of the consideration transferred is summarized as follows:

Purchase Price	
7,496,250 common shares of Kalo	$ 487,256
Transaction costs	25,935
Total Purchase Price	$ 513,191
Allocation of Purchase Price	
Mineral property	$ 513,191
	$ 513,191

7. Deposits

	November 30, 2023	August 31, 2023
Deposits	$ 60,601	$ 59,776

As at November 30, 2023, the Company held a term deposit of the amount in $99,620 FJD (August 31, 2023 - $99,620 FJD) 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.

8. Exploration and Evaluation Asset

	November 30, 2023	August 31, 2023
Vatu Aurum Gold Project, Fiji	$ 1,304	$ 1,304
Axelgold Project, Canada	513,191	513,191
	$ 514,495	$ 514,495

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.

(Unaudited, expressed in Canadian Dollars)

9. Equipment

		Office		Vehicles		Field Equipment		Total
As at August 31 2023 and 2022	$	26,305	$	68,910	$	135,584	$	230,799
Disposal		-		-		(14,322)		(14,322)
As at November 30, 2023	$	26,305	$	68,910	$	121,262	$	216,477
Accumulated depreciation								
As at August 31, 2022	$	(12,590)	$	(40,321)	$	(38,243)	$	(91,154)
Depreciation		(623)		(2,176)		(6,072)		(8,871)
As at November 30, 2022	$	(13,213)	$	(42,497)	$	(44,315)		(100,025)
As at August 31, 2023		(16,670)	$	(49,077)	$	(61,553)	$	(127,300)
Depreciation		(899)		(2,241)		(5,600)		(8,740)
Disposal		-		-		13,884		13,884
As at November 30, 2023	$	(17,569)	$	(51,318)	$	(53,269)		(122,156)
Net book value								
As at August 31, 2023	$	9,635	$	19,833	$	74,031	$	103,499
As November 30, 2023	$	8,736	$	17,592	$	67,993	$	94,321

During the three months ended November 30, 2023, the Company sold equipment for gross proceeds of $90,404 and a recorded a gain in disposal of equipment of $89,966.

10. Accounts Payable and Accrued Liabilities

		November 30, 2023		August 31, 2023
Accounts payable	$	589,092	$	561,145
Accrued liabilities		88,930		88,930
	$	678,022	$	650,075

As at November 30, 2023, included in accounts payable are amounts totalling $255,108 (August 31, 2023 - $230,736) due to related parties (Note 14).

11. Share Capital

(a) Authorized Share Capital

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

11. Share Capital (Continued)

(b) Issued Share Capital

During the three months ended November 30, 2023, no common shares were issued.

During the year ended August 31, 2023, the Company issued common shares as follows:

- On September 1, 2022, the Company issued 7,496,250 common shares in connection to the acquisition of 1271895 B.C. Ltd. (Note 6).

- On September 1, 2022, the Company issued 2,040,000 flow-through shares at a price of $0.08 per share for gross proceeds of $163,200. The amount of flow-through share liability associated with the flow-through shares was determined to be $30,600 based on the difference between the fair value price per share of the flow-through shares and the market price at the time of closing of the financing. The remaining proceeds of $132,600 are allocated to share capital. In connection with the offering, the Company incurred share issuance costs of $856 in fees paid in cash. As at August 31, 2023, the Company has spent $156,977 of the required flow-through spending of $163,200. The total remaining flow-through spending balance is $6,223.

- On December 29, 2022, the Company issued 12,500,000 common shares for gross proceeds of $625,000 in the first tranche of the non-brokered private placement.

- On January 11, 2023, the Company issued 27,500,000 common shares for gross proceeds of $1,375,000 in the second tranche of the non-brokered private placement. In addition, the Company issued 5,384,611 common shares for the settlement of debt of $350,000 in a second non-brokered private placement offering. The Company recorded $726,922 in equity and a loss in debt settlement of $376,922.

- In connection with the private placements closed on December 29, 2022 and January 11, 2023, the Company paid finders' fees of $82,600, legal fees of $11,605 and issued 1,652,000 finders warrants, exercisable at a price of $0.05 per warrant.
  Each Warrant expires 24 months from the date of issuance. The Company has recorded a fair value of $166,216 for the warrants as share issuance costs (Note 11(d)).

- On April 3, 2023, the Company issued 596,260 common shares as payment for $71,551 of consulting fees. The Company recorded $50,682 in equity and a gain in debt settlement of $20,869.

(Unaudited, expressed in Canadian Dollars)

(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, 2022	$0.20	5,890,000
Stock options granted	$0.05	1,400,000
Balance – November 30, 2022	$0.17	7,290,000
Stock options granted	0.09	4,575,000
Stock options cancelled	0.16	(795,000)
Balance – November 30 and August 31, 2023	$0.14	11,070,000

On October 14, 2022, the Company issued 1,400,000 stock options expiring October 14, 2027 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 3.57% per annum, an expected life of option of 5 years, an expected volatility of 120.52% 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 $65,103 has been recorded as share based payment expense. These stock options vest immediately upon grant.

On January 11, 2023, the Company issued 4,575,000 stock options expiring January 11, 2028 with an exercise price of $0.10. Of the 4,575,000 stock options, 1,900,000 options were issued to settle $140,857 of debt. The fair value of the remaining 2,675,000 options at the date of the grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 3.02% per annum, an expected life of option of 5 years, an expected volatility of 118.20% 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 is determined to be $242,355.

During the year ended August 31, 2023, stock options were cancelled as follows:

Grant Date	Expiry Date	Number of options cancelled	Exercise Price
February 28, 2020	February 28, 2030	200,000	$0.10
February 24, 2021	February 24, 2031	500,000	$0.20
October 14, 2022	October 14, 2027	70,000	$0.05
January 11, 2023	January 11, 2028	25,000	$0.10
		795,000	$0.16

Stock options outstanding and exercisable are summarized as follows:

(Unaudited, expressed in Canadian Dollars)

11. Share Capital (Continued)

(c) Stock Options (Continued)

	Options Outstanding			Options Exercisable	
Exercise Price	**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	7.26	$0.34	120,000	$0.34
$0.26	900,000	2.65	$0.26	900,000	$0.26
$0.20	4,270,000	7.24	$0.20	4,270,000	$0.20
$0.10	600,000	4.29	$0.10	600,000	$0.10
$0.05	1,330,000	3.87	$0.05	1,330,000	$0.05
	11,070,000	5.15	$0.14	11,070,000	$0.14

(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, 2022 and November 30, 2022	$0.25	492,936
Balance - August 31, 2023 and November 30, 2023	$0.10	2,144,936

The expiry of warrants are as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
December 10, 2021	December 10, 2023	492,936	$0.25
January 11, 2023	January 11, 2025	1,652,000	$0.05
		2,144,936	$0.10

On January 11, 2023, 1,652,000 warrants (see Note 11(b)) expiring two years from the issuance have been valued using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 3.76% per annum, an expected life of warrants of 2 years, an expected volatility of 97.57% and no expected dividends. The fair value of the warrants was determined to be $166,216 and has been recorded as a share issuance cost in equity.

(e) Escrow

Pursuant to the RTO transaction on February 25, 2021, 20,825,000 common shares of the Company were held in escrow. As at November 30, 2023 and August 31, 2023, 3,108,750 common shares remain in escrow.

(Unaudited, expressed in Canadian Dollars)

11. Share Capital (Continued)

(f) Restricted Share Units

On October 14, 2022, the Company issued 3,000,000 Restricted Share Units 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, $21,250 has been recorded as a share-based payment during the three months ended November 30, 2023 (2022 - $18,291).

(g) 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 $168,288 has been recorded as a share-based payment during the three months ended November 30, 2023 (2022 - $nil).

12. Exploration and Evaluation Expenses

Exploration and evaluation expenses for the three months ended November 30, 2023 are as follows:

	Axelgold Project, Canada	Vatu Aurum Gold Project, Fiji	Total
Assay	$ -	$ 60	$ 60
Camp	-	63	63
Geology	2,057	7,208	9,265
Geophysics	-	13,193	13,193
Operating	-	27,228	27,228
Overhead	-	59,008	59,008
	$ 2,057	$ 106,760	$ 108,817

Exploration and evaluation expenses for the three months ended November 30, 2022 are as follows:

	Axelgold Project, Canada	Vatu Aurum Gold Project, Fiji	Total
Assay	$ 4,326	$ -	$ 4,326
Camp	5,000	-	5,000
Geology	15,210	876	16,086
Geophysics	96,956	-	96,956
Operating	19,556	2,711	22,267
Overhead	1,500	887	2,387
	$ 142,548	$ 4,474	$ 147,022

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.

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.

As at November 30, 2023, the Company has a cash balance of $306,963 (August 30, 2023 - $453,467) to settle current liabilities of $679,189 (August 30, 2022 - $651,628). 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 November 30, 2023 and August 31, 2023 to interest rate risk through its other financial instruments.

(Unaudited, expressed in Canadian Dollars)

13. 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 in FJD is $290,934 ($176,982 CAD). A 5% change in the CAD-FJD foreign exchange rate would affect comprehensive loss by approximately $8,849 (2022 - $3,562).

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 months ended November 30, 2023 and 2022, the Company paid and/or accrued the following fees to key management personnel:

		Three months ended November 30, 2023		Three months ended November 30, 2022
Consulting Fees				
Management	$	173,625	$	172,494
Share based compensation				
Management	$	-	$	57,729
Director		189,538		6,260
	$	363,163	$	236,483

(b) Due to/from Related Party

As at November 30, 2023, the Company has accounts payable of $255,108 (August 31, 2023 – $230,302) due to management and directors of the Company.

15. Segmented Information

The breakdown of assets and liabilities by geographic area as at November 30, 2023 is as follows

		Canada		Fiji		BVI		Consolidated
Assets	$	780,794	$	254,794	$	199	$	1,035,787
Liabilities	$	651,703	$	7,295	$	20,191	$	679,189

(Unaudited, expressed in Canadian Dollars)

15. Segmented Information (Continued)

The breakdown of assets and liabilities by geographic area as at August 31, 2023 is as follows

		Canada		Fiji		BVI		Consolidated
Assets	$	995,417	$	193,559	$	198	$	1,189,174
Liabilities	$	617,505		7,987	$	26,136	$	651,628

The breakdown of operating expenses by geographical area for the three months ended November 30, 2023 and 2022 are as follows:

For the three months ended November 30,		2023		2022
Operating expenses for the period:				
Canada	$	407,285	$	513,939
Fiji		47,295		25,511
BVI		-		7,881
Consolidated	$	454,580	$	547,331

15.. Subsequent events

- On December 10, 2023, 492,936 warrants priced at $0.25 per share expired unexercised.
- On January 11, 2024, the Company issued 2,000,000 common shares through the vesting of RSUs on October 14, 2023.