



**KALO GOLD**

**KALO GOLD CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022  
(EXPRESSED IN CANADIAN DOLLARS)**

## **GENERAL**

This Management's Discussion and Analysis ("MD&A") of Kalo Gold Corp. ("Kalo" or the "Company"), formerly Kalo Gold Holdings Corp., is prepared as of January 27, 2023, and provides analysis of the Company's financial results for the three months ended November 30, 2023 compared to the three months ended November 30, 2022.

The following information should be read in conjunction with the Company's November 30, 2023 condensed interim consolidated financial statements with accompanying notes and related MD&A for the fiscal year ended August 31, 2023, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures are expressed in Canadian dollars unless otherwise stated.

There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on this forward-looking information.

All dollar figures are expressed in Canadian dollars unless otherwise stated.

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A contains certain statements that may be deemed "forward-looking statements", including statements regarding developments in the Company's operations in future periods, adequacy of financial resources and future plans and objectives of Company. All statements in this document, other than statements of historical fact, which address events or developments that the Company expects to occur, are forward looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding future exploration programs, liquidity and effects of accounting policy changes.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Readers are cautioned not to place undue reliance on this forward-looking information.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that Management's beliefs, estimates, opinions or other factors should change except as required by law.

These statements are based on a number of assumptions including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Company and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Company's proposed transactions and exploration and development programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.

## **COMPANY OVERVIEW**

Kalo Gold Corp., formerly Kalo Gold Holdings Corp., was incorporated under the Business Corporation Act (British Columbia) on March 6, 2019. On February 25, 2021, the Company changed its name from E36 Capital Corp. to Kalo Gold Holdings Corp. On August 16, 2021, the Company changed its name once more from Kalo Gold Holdings Corp. to Kalo Gold Corp. The Company's common shares are listed on the TSX Venture Exchange with the symbol "KALO".

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.

Kalo is a mineral exploration company focused on the Vatu Aurum Gold Project ("Vatu Aurum" or "Project") located on Fiji's north island, Vanua Levu. The Company holds two mineral exploration licenses covering over 36,700 hectares and is on trend with many of the largest gold deposits in the world in the southwest Pacific "Ring of Fire". The primary deposit model and focus of gold exploration on Vatu Aurum is low sulphidation epithermal gold mineralization.

Historical work includes over 10,000 meters of diamond drilling, trenching, geophysical surveys, soil and rock sampling and geological mapping. Vatu Aurum hosts multiple gold and copper-gold prospects with favorable and prospective geology. The Qiriyaga Hill Prospect, where Kalo plans to initially focus its work, is a >4 km long northeast trending target. Historical drilling on Qiriyaga Hill Deposit, located on the southern end of this Prospect, confirmed the presence of several high-grade drill intersections including 8.75 m @ 36.02 g/t Au (61.25 to 80m) and 10 m @ 27.18 g/t Au (76-86 m) including 120 g/t Au between 80-83 m in drill hole KCD-17. Outside of Qiriyaga Hill Prospect there are at least 14 additional prospective gold targets that have been identified. These targets, as with Qiriyaga Hill Prospect, are located within or around a number of calderas that are interpreted to be present on Vatu Aurum.

On September 1, 2022, the Company acquired 100% of the issued and outstanding shares of 1271895 B.C. Ltd. ("BCCo"), a British Columbia private company owned by the principals of Agentis Capital Mining Partners, that holds a 100% interest in the AxelGold Property located in British Columbia, with the issuance of 7,496,250 common shares.

## **GOING CONCERN**

This MD&A and the Annual Financial Statements have been prepared on the basis that the Company will remain a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the Company's next fiscal year. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

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.

The Company's ability to continue as a going concern is dependent upon the ability to find, acquire and develop various businesses with growth potential, its ability to obtain the necessary financing to carry out this strategy and to meet its corporate overhead needs and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Therefore, this indicates a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

On December 29, 2022 and January 11, 2023, the Company completed non-brokered private placement share offerings and issued an aggregate of 40,000,000 common shares for gross proceeds of \$2,000,000.

On January 11, 2023 the Company issued a further 5,384,611 common shares for gross proceeds of \$350,000.

As a result of the above, realization values may be substantially different from the carrying values shown and the interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

**MINERAL PROPERTIES**

	November 30, 2023	August 31, 2023
<b>Vatu Aurum Gold Project, Fiji</b>	\$ 1,304	\$ 1,304
<b>AxelGold Project, Canada</b>	513,191	513,191
	<b>\$ 514,495</b>	<b>\$ 514,495</b>

**Vatu Aurum Gold Project, Republic of Fiji**

Kalo Exploration Pte Limited, a wholly owned subsidiary of the Company, acquired Vatu Aurum in 2009 from Aurum Exploration Ltd. (“Aurum”). Aurum first applied for the licences in the early 2000’s and received the licences consisting of Special Prospecting Licences (“SPL”) including SPL1464 in 2009 and SPL1511 that was granted in 2018. Vatu Aurum is located on Vanua Levu, the second largest island (North Island) in the Republic of Fiji. Kalo holds a 100% interest Vatu Aurum, covering 367 km<sup>2</sup> that hosts a minimum of seven volcanic arc related calderas ranging between 1 km to 10 km in diameter in a geological setting that could be analogous to the alkaline related low sulphidation epithermal gold deposits of both the Vatukoula Gold Mine and the Lion One Metals’ Tuvatu Alkaline Gold Project located on Viti Levu (South Island). Historical exploration work concentrated on the Qiriyaga Hill Prospect and the identification of over fourteen additional priority epithermal gold exploration targets.

Under the terms of the SPL, the Company has targeted exploration expenditures as follows:

<b>SPL</b>	<b>Issue Date</b>	<b>Expiry Date</b>	<b>Targeted Expenditures (FJD \$)</b>	<b>Targeted Expenditures (CAD \$)</b>
1464	Jul 4, 2023	Jul 3, 2028	\$1,100,000	\$658,926
1511	Sep 15, 2021	Sep 14, 2024	\$5,400,000	\$3,234,730
			<b>\$6,500,000</b>	<b>\$3,893,656</b>

Both Viti Levu and Vanua Levu are on the prolific Pacific “Ring of Fire”, a trend that has produced numerous large deposits, including Porgera, Lihir and Grasberg and the exceptional Vatukoula Gold Mine. The Vatukoula Gold Mine has produced more than 7 million ounces of gold since production commenced in 1937. The island of Viti Levu also hosts the fully permitted Tuvatu Alkaline Gold Project, where Lion One Metals has commenced production of a high-grade underground gold mining operation. Tuvatu is now operating and targeting production expansion and additional growth through exploration.

In 2021, the Company drilled four holes at the Qiriyaga Hill Deposit with multiple gold intersections starting at surface, included KGD-01 which recorded 101 m averaging 0.94 g/t Au with several higher-grade intervals, including 2 m at 6.0 g/t Au from 8 m to 10 m, within a 9 m thick interval from 4 m to 13 m averaging 2.29 g/t Au and in hole KCD17 recorded 8.75 m averaging 36.02 g/t Au. Work to date has identified a large argillic alteration zone associated with high grade epithermal gold mineralization yielding excellent drill results and will be the focus of continued exploration and follow up diamond drilling.

Further, the Company completed mapping and a soil sampling program and both Induced Polarization (IP) and magnetic surveys which indicated three significant priority targets beyond the Qiriyaga Hill Deposit that had never been drill tested or they occur beyond the limits of historical drilling. In addition to Qiriyaga Hill Prospect exploration activities, the Company also completed reconnaissance mapping and soil sampling at Mouta Prospect (“Mouta”), located on the northwest part of the Property approximately 9 km north from Qiriyaga Hill Deposit.

In 2022, exploration work consisted of geological and alteration mapping, rock and trench sampling and a 992.5 m three-hole diamond drilling program at Qiriyaga Hill Propsect. Analytical results confirmed the presence of a large low sulphidation epithermal gold system.

In 2023, field exploration work completed to date has resulted in a significant and improved understanding of the geological setting of the epithermal gold mineralization at Vatu Aurum and has confirmed the district-scale gold potential. Importantly, the Company has documented widespread sinters (paleo-surface expression of epithermal systems) that will provide an important vectoring tool for gold discoveries. Furthermore, the alteration distribution associated with the most advanced target on the Project, the Qiriyaga Hill Prospect, indicates a shallow level of erosion of the epithermal systems of between 50 meters (“m”) to 100 m, implying that the precious metal-bearing boiling zone is at depth. The Qiriyaga Hill Prospect is associated with fragmental units with juvenile clasts and bedded sedimentary units that probably constitute a maar volcanic setting with the fragmental (breccia) units present as a result of phreatomagmatic eruptions. These phreatomagmatic vents could be interpreted to be a key target related to gold bearing hydrothermal fluids. The presence of numerous sinter deposits, hosted by fragmental units at the crater (maar) level, indicates that the gold epithermal systems are fully intact. The precious metal boiling zone is interpreted to be >100 m deeper than most of the drilling conducted to date; on this basis an array of new targets is being developed with an updated geological and exploration model.

The 2023 exploration work program highlights include:

1. A Project scale bulk leach extractable gold (“BLEG”) sampling program that successfully defined a 33 kilometer (“km”) long NE-trending gold corridor across the Property. Numerous epithermal gold targets have been discovered within this corridor including Nubu, Qiriyaga Hill, Wainikoro Complex, Koroiwa and Coqeloa South Prospects.
2. A Project scale stream sediment sampling program successfully identified several priority target drainages with known and previously unknown Prospects.
3. A Controlled-Source Audio-frequency Magnetotellurics (“CSAMT”) geophysical survey consisting of 57.6-line km covering 12.5 km<sup>2</sup> over Qiriyaga Hill Prospect, which includes Drudrusavu, was completed, including coverage of the epithermal gold mineralization of the Qiriyaga Hill and Vuinubu Ridge Gold Deposits. A detailed interpretation of the CSAMT results defined six priority target areas with high resistivity associated with known surface gold mineralization.
4. The Company renewed the cornerstone Special Prospecting License (“SPL”) 1464, one of two SPLs that make up the Project, for a term of five years to the 4 July 2028.
5. Exploration diamond drilling completed at Drudrusavu Prospect, located within the Qiriyaga Hill Prospect area, identified a new and separate epithermal gold system characterized by two stages of quartz-sulphide mineralization with anhedral and open-space (comb) textures within silica-chlorite altered polymictic breccia and dacite. Drudrusavu is associated with a large CSAMT resistivity high target (labelled target 5 in Figure 1). A total of 87 m of alteration and quartz veining was intersected in three zones in KGD-2023-08 and 65 m was intersected in three zones in KGD-2023-09. This new epithermal gold discovery warrants testing and follow up work along strike and at depth.
6. Exploration diamond drilling was completed at Mouta Prospect which successfully intersected two styles of mineralization. The first is the shear-style mineralized zone and the second is the broad zone of multi-directional epithermal sulfide veinlets consisting of zinc sulfides (sphalerite and marmatite) along with pyrite, and minor chalcopyrite. The mineralization is interpreted to be related to a shallowly eroded phreatomagmatic eruption setting like the other Prospects or possibly it is a telescoped epithermal system.
7. A team of geologists, with strong experience in mapping volcanic rocks, including settings with phreatomagmatic breccias and epithermal mineralization, continue to synthesize exploration data including: i) detailed geological and geochemical data from surface mapping of outcrops and trenches; ii) geological and geochemical insights from re-logging drill core from Qiriyaga Hill Prospect with an emphasis on lithology and alteration; iii) integration of the CSAMT and other geophysical datasets. The goal of this work is to correlate geological units, identify vents sources, identify boiling zones, determine controls on gold mineralization and establish an updated and comprehensive geological and exploration model.

### **AxelGold Alkalic Gold Project, British Columbia, Canada**

1271985 B.C. Ltd, a wholly owned subsidiary of the Company, owns 100% of the AxelGold Alkalic Gold Project ("AxelGold") located approximately 150 kilometers northeast of Smithers in northern British Columbia. AxelGold consists of 15 mineral claims and is subject to a 2% Net Smelter Returns Royalty ("NSR"). Up to 1% of the NSR can be repurchased by the Company at any time for \$1,000,000. AxelGold consists of 15 claims covering 5,287.8-hectares ("ha") with an alkalic related syenite porphyry gold-copper-molybdenum target.

AxelGold is an early stage greenfield alkalic related syenite related gold prospect with a significant amount of historical exploration work. AxelGold is underlain by a multi-phase syenite feldspar porphyry, as an intrusion or sill, that is located proximal to the deep-seated Pinchi Fault system. Older Paleozoic Cache Creek Group, including ultramafic rocks, are juxtaposed against carbonaceous Triassic sediments of the Takla Group. These rocks are then intruded by a +/-3 km by +/-0.5 km, Cretaceous, pyritic multiphase alkalic intrusive complex or possibly overlain as a sill.

Exploration work conducted between 1984 and 2002 includes >2,900 soils, 550 rock samples, 2,091 m of diamond drilling in 16 holes that indicates that the AxelGold syenite complex is gold bearing yet both it and its margins remain underexplored. Soil surveys identified seven strong large multi-element (Au-Sb-As-Mo-Cu-Zn-Pb) anomalies (up to 700 m by 300 m) within and immediately adjacent to the syenite. Hydrothermal stages of alteration, including various styles of sericite, carbonate alteration is recognized in drill core. The abundance of carbonate minerals and identification of tellurium in geochemistry results and roscoelite in alteration assemblages is diagnostic of alkaline related precious metal systems.

The best mineralization observed on AxelGold to date occurs in the valley bottom, between diamond drill holes AX87-03 to AX87-06, in a poorly defined quartz-carbonate-fluorite stockwork zone approximately 650 m long. The stockwork zones occur within silicified megacrystic feldspar syenite porphyry. The mineralized zones contain up to 3.12 g/t Au over 5.79 m in drill core and up to 12.6 g/t Au in grab samples from surface trenching. Gold appears to be related to these stockwork zones and is associated with tellurides, chalcocite, pyrite, galena, sphalerite and stibnite mineralization.

The Company conducted field exploration on AxelGold from August 26, 2022 to August 29, 2022. The 2022 exploration program was carried out as a preliminary site visit to confirm geological potential and gather further information on logistical aspects. In addition, a 711-line km airborne magnetic survey was completed which confirmed all the major structural elements mapped at AxelGold and the surface extent of the syenite intrusion or sill.

During the four days on site, the team covered most of the major targets outlined prior to the expedition as well as expanding into some additional areas. The focus area was primarily around a feature called Gossan Hill named so due to the bright weathering rocks which are conspicuous in the landscape. This is defined as a syenite intrusion or sill and historically has been the main source of gold mineralization. The team carried out mapping of the highlighted areas as well as stream sediment and rock sampling. During the program, a total of twelve rock samples and 6 stream sediment samples were collected and X-Ray Fluorescence (XRF) analysis was conducted on 56 rock samples and 10 stream sediment samples.

AxelGold is an important project of merit for the Company and as such further exploration is warranted. Usually something this remote would have major logistical considerations, but the proximity of access roads and now the major exploration and development of copper-targets to the east makes this more feasible.

**Exploration and Evaluation Expenditures**

The Company has spent the following amounts on exploration and evaluation activities:

	Assay	Camp	Drilling	Geology	Geophysics	Operations	Overhead	Total
2010	\$ -	\$ 64,609	\$ 387,009	\$ 75,071	\$ -	\$ 111,212	\$ -	\$ 637,901
2011	79,107	62,741	335,565	124,852	-	100,853	9,378	712,496
2012	61,404	48,550	143,888	180,496	-	104,008	12,029	550,375
2013	43,792	53,619	122,377	133,080	-	69,353	11,944	434,165
2014	27,175	21,351	14,640	113,470	-	42,696	44,152	263,484
2015	5,794	23,676	64,245	47,944	-	32,524	1,434	175,617
2016	1,351	16,466	32,610	-	-	27,896	4,564	82,877
2017	-	39,436	39,683	3,836	-	47,185	39,253	169,393
2018	1,508	17,636	65,526	619	-	39,230	11,821	136,340
2019	151	5,996	32,674	-	-	28,052	86	66,959
2020	15,844	37,601	39,217	20,224	-	91,708	23,388	227,982
2021*	206,141	92,971	291,162	190,335	278,514	188,457	21,313	1,268,893
2022	166,244	34,044	133,630	134,377	38,730	255,378	31,283	793,686
2023	47,934	148,403	52,024	122,289	319,351	171,203	353,291	1,214,495
2024	-	60	63	9,265	13,193	27,228	59,008	108,817
	\$ 656,445	\$ 667,159	\$ 1,754,313	\$ 1,178,615	\$ 627,031	\$ 1,336,983	\$ 859,049	\$ 7,079,595

\* From 2010 to 2020, exploration and evaluation expenditures were incurred by the Company's wholly owned subsidiary prior to the reverse takeover transaction dated February 25, 2021.

**Exploration and Evaluation activities during the three months ended November 30, 2023 and 2022**

On September 1, 2022, the Company completed the acquisition of AxelGold and subsequently completed a field and airborne magnetics survey to confirm the reported geology and mineralization. The Company also acquired an additional 597.8 hectares ("ha") near and around AxelGold increasing the size of the property to 5,287.8 ha.

In January 2023, the Company commenced its phase three exploration work at Vatu Aurum, mobilized drill crews and equipment to site. A full maintenance program was completed on one of the drills which was used to diamond drill test targets that have been identified at both Qiriyaga and Mouta. In addition, exploration work consisted of a bulk leach extractable gold ("BLEG") and stream sediment sampling program. The Company engaged with a geophysical contactor and complete a Controlled-Source Audio-frequency Magnetotellurics ("CSAMT") geophysical survey over the Qiriyaga Hill Prospect, and surrounding area which commenced in April 2023.

The 2023 exploration work program included the following activities:

1. A Project scale bulk leach extractable gold ("BLEG") sampling program that successfully defined a 33 kilometer ("km") long NE-trending gold corridor across the Property. Numerous epithermal gold targets have been discovered within this corridor including Nubu, Qiriyaga Hill, Wainikoro Complex, Koroiwa and Coqeloa South Prospects.
2. A Project scale stream sediment sampling program successfully identified several priority target drainages with known and previously unknown Prospects.
3. A Controlled-Source Audio-frequency Magnetotellurics ("CSAMT") geophysical survey consisting of 57.6-line km covering 12.5 km<sup>2</sup> over Qiriyaga Hill Prospect, which includes Drudrusavu, was completed, including coverage of the epithermal gold mineralization of the Qiriyaga Hill and Vuinubu Ridge Gold Deposits. A detailed interpretation of the CSAMT results defined six priority target areas with high resistivity associated with known surface gold mineralization.
4. The Company renewed the cornerstone Special Prospecting License ("SPL") 1464, one of two SPLs that make up the Project, for a term of five years to the 4 July 2028.
5. Exploration diamond drilling completed at Drudrusavu Prospect, located within the Qiriyaga Hill Prospect area, identified a new and separate epithermal gold system characterized by two stages of quartz-sulphide mineralization with anhedral and open-space (comb) textures within silica-chlorite altered polymictic breccia

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7. A team of geologists, with strong experience in mapping volcanic rocks, including settings with phreatomagmatic breccias and epithermal mineralization, continue to synthesize exploration data including: i) detailed geological and geochemical data from surface mapping of outcrops and trenches; ii) geological and geochemical insights from re-logging drill core from Qiriyaga Hill Prospect with an emphasis on lithology and alteration; iii) integration of the CSMAT and other geophysical datasets. The goal of this work is to correlate geological units, identify vents sources, identify boiling zones, determine controls on gold mineralization and establish an updated and comprehensive geological and exploration model.

During the three months ended November 30, 2022, the Company's was focused on its acquisition of AxelGold Property and completed a field survey to confirm the reported geology and mineralization and acquired an additional 597.8 hectares near and around the AxelGold Property to a total of 5,287.8 hectares. (PY Disclosure)

**SELECTED FINANCIAL INFORMATION**

<b>Balance Sheet:</b>	<b>November 30, 2023</b>	<b>August 31, 2023</b>
	(\$)	(\$)
Total assets	1,035,787	1,189,174
Current assets	359,477	504,605
Current liabilities	679,189	651,628

  

<b>Operations:</b>	<b>Three months Ended November, 2023</b>	<b>Three months Ended November, 2022</b>
	(\$)	(\$)
Net loss	365,114	463,816
Net comprehensive loss	370,486	457,377
Basic and diluted loss per share	0.00	0.01

**SUMMARY OF QUARTERLY RESULTS**

Key financial information for the three months ended November 30, 2023, as well as, the quarters spanning the most recently preceding fiscal years is summarized as follows, reported in Canadian dollars:

	<b>F2023-Q2 February 28, 2023</b>	<b>F2023-Q3 May 31, 2023</b>	<b>F2023-Q4 August 31, 2023</b>	<b>F2024-Q1 November 30, 2023</b>
	(\$)	(\$)	(\$)	(\$)
Total operating expenses	(1,007,606)	(904,433)	(788,388)	(454,580)
Net loss	(1,410,428)	(868,969)	(753,008)	(365,114)
Loss per share	(0.01)	(0.01)	(0.01)	(0.00)

  

	<b>F2022-Q2 February 28, 2022</b>	<b>F2022-Q3 May 31, 2022</b>	<b>F2022-Q4 August 31, 2022</b>	<b>F2023-Q1 November 30, 2022</b>
	(\$)	(\$)	(\$)	(\$)
Total operating expenses	(1,038,518)	(823,016)	(328,784)	(547,331)
Net loss	(1,037,945)	(822,693)	(315,310)	(463,816)
Loss per share	(0.02)	(0.01)	(0.01)	(0.01)



## **RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023**

Operating expenses for the three months ended November 30, 2023 were \$454,480, compared to \$547,331 incurred the same period in the prior year. The significant differences in expenditures were as follows:

- Consulting expenses and management fees were \$115,125 during the three months ended November 30, 2023, compared to \$181,487 incurred during the same period in the prior year. The decrease is a result of reallocation of consulting expenses to Exploration Overhead expenses.
- Exploration and evaluation expenses were \$108,817 during the three months ended November 30, 2023, compared to \$147,022 incurred during the same period in the prior year. The decrease is a result of reduction of spending on Axelgold Project which was partially offset by increased in spending in the Vatu Aurum Gold Project.
- Investor relations and marketing expenses were \$6,000 for the three months ended November 30, 2023 compared to \$91,495 incurred in the same period in the prior year. The decrease is primarily due to the completion of marketing campaign which concluded in March 2023.
- Share based payments were \$189,538 during the three months ended November 30, 2023, compared to \$80,891 incurred during the same period in the prior year. The increase in share based payments is a result of the vesting of RSUs issued on October 14, 2022 and DSUs issued on January 11, 2023.

As a result of the foregoing, the Company recorded a comprehensive loss for the three months ended November 30, 2023 of \$370,486 as compared to a comprehensive loss of \$457,377 during the same period in the prior year.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **SHARE DATA**

As at the date of this MD&A, the Company has 126,245,551 common shares, 11,070,000 stock options, 1,652,000 share purchase warrants, and 6,000,000 RSUs and DSUs issued and outstanding.

Subsequent to the three months ended November 30, 2023, the Company issued common shares as follows:

- On January 11, 2024, the Company issued 2,000,000 common shares through the vesting of Restricted Share Units ("RSU") on October 14, 2023.

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.
- 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 May 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 the second non-brokered private placement offering. The Company recorded \$726,922 in equity and a loss in debt settlement of \$376,922.

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- In connection with the private placements closed on December 29, 2022 and January 11, 2023, the Company paid finders' fees of \$82,600, \$11,605 in legal fees 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.
- 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.

**Stock Options**

Stock options outstanding and exercisable as at the date of the MD&A:

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	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

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

## **Warrants**

The following warrants are outstanding as of the date of the MD&A:

<b>Grant Date</b>	<b>Expiry Date</b>	<b>Number of warrants issued</b>	<b>Weighted Average Exercise Price</b>
January 11, 2023	January 11, 2025	1,652,000	\$0.05
		1,652,000	\$0.05

On January 11, 2023, 1,652,000 warrants 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.

On December 10, 2023, 492,936 warrants priced at \$0.25 per share expired unexercised.

## **Restricted Share Units**

On October 14, 2022, the Company issued 3,000,000 RSUs 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).

## **Deferred Share Units**

On January 11, 2023, 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 \$675,000, of which \$168,288 has been recorded as a share-based payment during the three months ended November 30, 2023 (2022 - \$nil).

## **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, 2022, 16,867,500 common shares remain in escrow.

## **CAPITAL RESOURCES**

The Company defines capital as consisting of shareholder's equity and cash. 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. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As at November 30, 2023, the Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the period ended November 30, 2023.

## **LIQUIDITY**

The Company's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements at any point in time. The Company has historically financed its operations primarily through the sale of share capital by way of private placements.

At November 30, 2023 the Company had cash of \$306,963 and working capital deficit of \$319,712. At August 31, 2023, the Company had cash of \$453,467 and working capital deficit of \$147,023.

Cash used in operating activities was \$229,266 during the three months ended November 30, 2023 compared to \$118,830 used in operating activities during the prior period.

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Cash flows from investing activities were \$90,404 during the three months ended November 30, 2023 and \$nil during same period in the prior year. Cash flow from financing consists of primarily of proceeds from the sale of equipment during the three months ended November 30, 2023.

Cash flows from financing activities were \$nil during the three months ended November 30, 2023 and \$144,782 during same period in the prior year. Cash flow from financing consists of primarily of proceeds of the flow-through share issuance closed on September 1, 2022 for the three months ended November 30, 2022.

The development of the Company in the future will depend on the Company's ability to obtain additional financings. In the past, the Company has relied on the sale of equity securities to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Company's ability to obtain financing through joint venturing of projects, debt financing, equity financing or other means. There can be no assurance that the Company will be successful in obtaining any such financing or in joint venturing its property; failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company's properties.

## **OUTLOOK**

The Company plans to conduct further exploration at Vatu Aurum and AxelGold. Further exploration and corporate costs are expected to be funded through future equity financing.

The focus of the ongoing work on Vatu Aurum is to rank and prioritize targets for follow-up drilling in 2024 that will lead to a significant gold discovery – interpretation of preliminary results to date indicates the key focus will be the Qiriyaga Hill Prospect.

## **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.

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

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

### *Due to/from Related Parties*

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.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company currently has no off-balance sheet arrangements.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels.

The hierarchy is as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

The fair value of cash approximates their carrying value due to the short-term maturity. 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.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

As at November 30, 2023 and August 31, 2023, the Company does not have any level 2 or 3 financial assets or liabilities.

### **Financial Risk Factors**

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

#### *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 financial obligations as they fall due. The Company currently settles its financial obligations with cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company is exposed to liquidity risk.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

#### *Foreign Currency Risk*

Foreign Currency Risk is the risk on fluctuation of currency related to monetary items with a settlement currency other than Canadian dollars. The functional currency of Kalo and its subsidiary located in Canada is Canadian Dollars, its subsidiaries located in the BVI is US Dollar and the functional currency of the subsidiary in Fiji is Fijian dollars. The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, prepayments, 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.

### **BUSINESS RISKS AND UNCERTAINTIES**

Kalo is engaged in mineral exploration and development activities, which by their nature, are speculative due to the high risk nature of the business and the present stage of the development of the Project. Any investment in the common shares of Kalo should be considered a highly speculative investment due to the nature of the Company's business. Such risk factors could materially affect Kalo's future financial results and could cause actual results and events to differ materially from those described in forward looking statements and forward looking information relating to Kalo or the business, property or financial results, any of which could cause investors to lose part or all of their investment in Kalo.

### **CONTRACTUAL OBLIGATIONS**

The Company presently has no contractual obligations pursuant to which the Company has any payments owing in the next five years other than pursuant to the Purchase Agreement and agreements entered into in the ordinary course of business.

### **MATERIAL ACCOUNTING POLICIES & CRITICAL ACCOUNTING ESTIMATES**

The Company's MATERIAL accounting policies and critical accounting estimates are summarized in Note 4 and Note 5 of the condensed interim consolidated financial statements for the three months ended November 30, 2023.