



KALO GOLD CORP.

(An Exploration Stage Company)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2022 AND 2021**

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

KALO GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MAY 31, 2022 AND AUGUST 31, 2021

(expressed in Canadian Dollars)
(unaudited)

	MAY 31,		AUGUST 31,
	2022		2021
ASSETS			
Current assets			
Cash	\$ 198,483	\$	420,988
Prepaid expenses	202,805		111,913
Sales taxes receivable	59,592		35,076
	460,880		567,977
Non-current assets			
Exploration and evaluation asset (Note 8)	1,304		1,304
Equipment (Note 9)	52,872		54,437
Deposits (Note 7)	48,623		49,806
Restricted cash	6,678		6,841
Total assets	\$ 570,357	\$	680,365
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current liabilities			
Accounts payable and accrued liabilities (Note 10)	\$ 441,191	\$	179,301
Total liabilities	441,191		179,301
Shareholders' equity			
Share capital (Note 11)	7,512,502		5,613,100
Contributed surplus	6,175,469		6,175,469
Reserves (Note 11)	1,123,012		979,241
Accumulated other comprehensive loss	(43,587)		(34,849)
Deficit	(14,638,230)		(12,231,897)
Total shareholders' equity	129,166		501,064
Total liabilities and shareholders' equity	\$ 570,357	\$	680,365

Continuance of Operations and Going Concern (Note 2)

Approved and authorized for issue on behalf of the Board of Directors on July 22, 2022.

/s/ Terry Tucker

Terry Tucker, President and CEO

/s/ David Whittle

David Whittle, Director

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

KALO GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2022 AND 2021 (UNAUDITED)
(expressed in Canadian Dollars)

	THREE MONTHS ENDED MAY 31, 2022	THREE MONTHS ENDED MAY 31, 2021	NINE MONTHS ENDED MAY 31, 2022	NINE MONTHS ENDED MAY 31, 2021
Operating expenses				
Consulting and management fees (Note 14) \$	274,939	\$ 139,805	629,639	375,653
Depreciation and amortization (Note 9)	3,661	6,238	10,056	6,238
Exploration and evaluation (Note 12)	311,053	611,582	792,937	954,418
Foreign exchange loss	2,793	3,759	16,952	2,695
General and administrative expenses	20,703	73,619	89,832	126,296
Investor relations and marketing	105,805	429,696	484,549	449,069
Legal and professional fees	70,324	4,552	201,797	311,041
Share based payments (Note 11)	22,299	152,623	158,767	1,113,274
Travel	11,439	-	22,798	11,528
	(823,016)	(1,421,874)	(2,407,327)	(3,350,212)
Other income (expenses)				
Interest	323	1,170	994	(7,594)
Listing expense (Note 6)	-	-	-	(1,456,291)
Net loss	(822,693)	(1,420,704)	(2,406,333)	(4,814,097)
Other comprehensive income				
Items that may be reclassified subsequently to net loss				
Foreign exchange loss on translation of foreign operations	(9,294)	11,815	(8,738)	12,895
Net comprehensive loss for the period	\$ (831,987)	\$ (1,408,889)	(2,415,071)	(4,801,202)
Basic and diluted loss per share	\$ (0.01)	\$ (0.03)	(0.04)	(0.13)
Weighted average number of shares outstanding (basic and diluted)	63,728,429	53,758,076	58,429,402	36,006,108

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

KALO GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED MAY 31, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian Dollars)

	NINE MONTHS ENDED MAY 31, 2022	NINE MONTHS ENDED MAY 31, 2021
Cash flows from operating activities		
Net loss for the year	\$ (2,406,333)	\$ (4,814,097)
Adjustments to net loss		
Depreciation and amortization	10,056	6,238
Listing expense (Note 6)	-	1,456,291
Share-based payments	158,767	1,113,274
Changes in non-cash working capital		
Accounts payable and accrued liabilities	261,889	(114,608)
Prepaid expenses, deposits and other assets	(115,408)	576,678
Due to shareholder	-	(190,784)
Cash flows used in operating activities	(2,091,029)	(1,967,008)
Cash flows from investing activities		
Purchase of equipment	(7,808)	(58,178)
Acquisition of Kalo Gold Holdings Corp.	-	2,908,446
Cash flows used in investing activities	(7,808)	2,850,268
Cash flows from financing activities		
Proceeds from issuance of common shares net of issue costs	1,866,764	4,058,766
Proceeds from warrant exercise	17,643	(3,939,050)
Cash flows from financing activities	1,884,407	119,716
Effect of foreign exchange on cash	(8,075)	13,640
Change in cash during the period	(222,505)	1,016,616
Cash – beginning	420,988	257,751
Cash – ending	\$ 198,483	\$ 1,274,367

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 NINE MONTHS ENDED MAY 31, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian Dollars)

	Share capital		Contributed Surplus	Subscriptions received	Reserves	Accumulated other comprehensive loss	Deficit	Total
	Number of shares	Amount						
Balance – August 31, 2020	12,000,001	\$ 119	\$ 6,175,469	\$ 220,150	\$ -	\$ (63,016)	\$ (6,357,724)	\$ (25,002)
Net loss for the period	-	-	-	-	-	-	(4,814,097)	(4,814,097)
Foreign exchange loss on translation of foreign operations	-	-	-	-	-	12,895	-	12,895
Shares issued for cash	34,044,500	4,172,900	-	(220,150)	-	-	-	3,952,750
Share based payment	-	318,500	-	-	794,774	-	-	1,113,274
Shares issued in the reverse acquisition of Kalo Gold Holdings Corp.	6,178,575	1,235,715	-	-	129,967	-	-	1,365,682
Share issuance costs	1,535,000	(114,134)	-	-	-	-	-	(114,134)
Balance – May 31, 2021	53,758,076	\$ 5,613,100	\$ 6,175,469	\$ -	\$ 924,741	\$ (50,121)	\$ (11,171,821)	\$ 1,491,368
Balance – August 31, 2021	53,758,076	\$ 5,613,100	\$ 6,175,469	\$ -	\$ 979,241	\$ (34,849)	\$ (12,231,897)	\$ 501,064
Net loss for the year	-	-	-	-	-	-	(2,406,333)	(2,406,333)
Foreign exchange loss on translation of foreign operations	-	-	-	-	-	(8,738)	-	(8,738)
Shares issued for cash	9,793,928	2,056,725	-	-	-	-	-	2,056,725
Share issuance costs	-	(189,962)	-	-	-	-	-	(189,962)
Shares issued on exercise of warrants	176,425	32,639	-	-	(14,996)	-	-	17,643
Share based payment	-	-	-	-	158,767	-	-	158,767
Balance – May 31, 2022	63,728,929	7,512,502	\$ 6,175,469	\$ -	\$ 1,123,012	\$ (43,587)	\$ (14,638,230)	\$ 129,166

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

KALO GOLD CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MAY 31, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian Dollars)

1. Nature of Business

Kalo Gold Corp. ("Kalo" or the "Company"), was incorporated under the Business Corporation Act (British Columbia) on March 6, 2019. The Company's common shares are listed on the TSX Venture Exchange under the symbol "KALO". Kalo is a mineral exploration company focused on the Vatu Aurum gold project 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 1430, 800 West Pender Street, Vancouver, British Columbia V6C 2V6.

Reverse Takeover

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

2. Continuance of Operations and Going Concern

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

As at May 31, 2022, 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 \$14,638,230 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 consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management intends to finance mineral property acquisition, exploration and general administration costs over the next twelve months from proceeds of private placements of its common shares and by receiving contributions from its shareholders.

KALO GOLD CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MAY 31, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian Dollars)

3. COVID-19 Impact assessment

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

The government of Fiji, effective November 11, 2021, relaxed travel restrictions to Fiji and also to the northern island Vanua Levu, where the Vatu Aurum project is located. For more information, please visit <https://www.mcttt.gov.fj/home/traveltofiiji/international-travel> and <https://www.health.gov.fj/movement-outer-islands/>.

The Company has implemented additional safety controls to ensure the health and safety of all employees, contractors, and communities. These measures are in line with the Fijian Ministry of Commerce, Trade, Tourism and Transport Protocols for COVID Safe Business Operations. Such measures include employee temperature checks, the implementation of the CareFiji App, ongoing hygiene training, social distancing, and frequent handwashing.

4. Basis of Preparation and Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), has issued by the IASB. Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IFRS has been omitted or condensed. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Corporation’s audited consolidated financial statements for the year ended August 31, 2021.

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

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

KALO GOLD CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MAY 31, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian Dollars)

5. Significant Accounting Policies

The Company's accounting policies are the same as those applied in the Company's annual consolidated financial statements for the year-ended August 31, 2021. These condensed interim consolidated financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements for the year ended August 31, 2021.

6. Reverse Acquisition

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

For accounting purposes, the Reverse Take Over ("RTO") transaction is considered to be an acquisition outside the scope of IFRS 3 Business Combinations since Kalo, prior to the RTO, did not constitute a business. The RTO is accounted for in accordance with IFRS 2 Share-based payments whereby KGC is deemed to have issued shares to acquire the net assets of Kalo.

The allocation of the consideration transferred is summarized as follows:

Purchase Price		
6,178,575 common shares of Kalo	\$	1,235,715
600,000 stock options of Kalo		108,964
176,425 warrants of Kalo		21,003
Total Purchase Price	\$	1,365,682
Allocation of Purchase Price		
Cash	\$	2,908,446
Prepaid expenses and other current assets		924,129
Accounts payable and accrued liabilities		(204,284)
Share subscriptions		(3,718,900)
Charge related to public company listing		1,456,291
	\$	1,365,682

7. Deposits

	May 31, 2022	August 31, 2021
Deposits	\$ 48,623	\$ 49,806
	\$ 48,623	\$ 49,806

As at May 31, 2022, the Company held a term deposit of the amount in \$82,500 FJD (2021 - \$82,500 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.

KALO GOLD CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MAY 31, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian Dollars)

8. Exploration and Evaluation Asset

	May 31, 2022	August 31, 2021
Vatu Aurum Gold Project	\$ 1,304	\$ 1,304
	\$ 1,304	\$ 1,304

Kalo Exploration Pte Limited, a wholly owned subsidiary of the Company, owns Vatu Aurum Gold Project, Special Prospecting Licence (SPL) 1464 and 1511. Vatu Aurum is located in Vanua Levu, the second largest island (the North Island) of Fiji.

9. Equipment

	Equipment	
As at August 31, 2020	\$	93,739
Additions		58,178
Disposal		(621)
Foreign exchange		(3,835)
As at May 31, 2021	\$	147,461
As at August 31, 2021		149,487
Additions		7,808
Disposals		-
Foreign exchange		1,399
As at May 31, 2022	\$	158,694
Accumulated depreciation		
As at August 31, 2020	\$	(86,389)
Depreciation		(6,642)
Disposal		621
Foreign exchange		3,535
As at May 31, 2021	\$	(88,875)
As at August 31, 2021		(95,050)
Depreciation		(10,056)
Foreign exchange		(716)
As at May 31, 2022	\$	(105,822)
Net book value		
As at August 31, 2021	\$	54,437
As May 31, 2022	\$	52,872

KALO GOLD CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MAY 31, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian Dollars)

10. Accounts Payable and Accrued Liabilities

	May 31, 2022	August 31, 2021
Accounts payable	\$ 369,499	\$ 76,179
Accrued liabilities	71,692	103,122
	\$ 441,191	\$ 179,301

As at May 31, 2022, included in accounts payable are amounts totalling \$43,033 (August 31, 2021 - \$29,340) due to a related party (Note 14).

11. Share Capital

(a) Authorized Share Capital

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

(b) Issued Share Capital

During the nine months ended May 31, 2022, the Company issued common shares as follows:

- On December 10, 2021, the Company issued 9,793,929 common shares for proceeds of \$2,056,725. In connection with the offering, the Company incurred share issuance costs of \$189,962 in cash.
- During the nine months ended May 31, 2022, the Company issued 176,425 common shares from the exercise of warrants for gross proceeds of \$17,623.

During the year ended August 31, 2021, the Company issued common shares as follows:

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

(c) Stock Options

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

KALO GOLD CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MAY 31, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian Dollars)

11. Share Capital (continued)

(c) Stock Options (Continued)

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, 2020	\$ -	-
Stock options granted	0.21	5,290,000
Stock options from RTO	0.10	600,000
Balance – August 31, 2021 and May 31, 2022	\$0.20	5,890,000

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

On February 25, 2021, the Company issued 600,000 stock options expiring February 28, 2030 with an exercise price of \$0.20. The fair value of the option at the date of the grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.14% per annum, an expected life of option of 9 years, an expected volatility of 100% and no expected dividends. The fair value of the options has been determined to be \$108,964 and is incorporated as part of purchase price (Note 6). These stock options vest immediately upon grant.

On March 1, 2021, the Company issued 650,000 stock options expiring March 1, 2031 with an exercise price of \$0.20. The fair value of the option at the date of the grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.14% per annum, an expected life of option of 10 years, an expected volatility of 100% and no expected dividends. The fair value of the options has been determined to be \$115,303. These stock options vest immediately upon grant.

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

On July 26, 2021, the Company issued 900,000 stock options expiring July 26, 2026 with an exercise price of \$0.26. Of the 900,000 stock options, 20% vest immediately, 30% vest 6 months from the grant date, and remaining 50% vest 6 months thereafter. The fair value of the options at the date of the grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.45% per annum, an expected life of option of 5 years, an expected volatility of 100% and no expected dividends. The fair value of the options is estimated to be \$176,940. During the nine months ended May 31, 2022 the Company recorded \$108,867 (2021-\$nil) as share based payment expense.

KALO GOLD CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MAY 31, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian Dollars)

11. Share Capital (continued)

(c) Stock Options (Continued)

Stock options outstanding and exercisable are summarized as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
\$0.34	120,000	8.76	\$0.34	120,000	\$0.34
\$0.26	900,000	4.16	\$0.26	180,000	\$0.26
\$0.20	4,270,000	8.74	\$0.20	4,270,000	\$0.20
\$0.10	600,000	7.75	\$0.10	600,000	\$0.10
	5,890,000	7.94	\$0.20	5,170,000	\$0.19

(d) Warrants

Details regarding warrants issued and outstanding are summarized as follows:

	Weighted Average exercise price	Number of shares issued or issuable on exercise
Balance – August 31, 2020	\$ -	-
Share purchase warrants from RTO	\$0.10	176,425
Balance – August 31, 2021	\$0.10	176,425
Share purchase warrants exercised	\$0.10	(176,425)
Share purchase warrants issued	\$0.25	492,936
Balance - May 31, 2022	\$0.25	492,936

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
		492,936	\$0.25

On December 10, 2021, 492,936 warrants expiring May 31, 2022 issued prior to the reverse takeover of Kalo Gold Corp. have been revalued using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.75% per annum, an expected life of warrants of 2 years, an expected volatility of 100% and no expected dividends

KALO GOLD CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MAY 31, 2022 AND 2021 (UNAUDITED)

(expressed in Canadian Dollars)

11. Share Capital (continued)

(d) Warrants (Continued)

On February 25, 2021, 176,425 warrants expiring May 31, 2022 issued prior to the reverse takeover of Kalo Gold Corp. have been revalued using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.14% per annum, an expected life of warrants of 2 years, an expected volatility of 100% and no expected dividends. The fair value of the options has been determined to be \$21,003 and is incorporated as part of purchase price (Note 6).

(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 May 31, 2022, 12,495,000 (August 31, 2021 – 15,618,750) common shares remain in escrow. The release dates and number of common shares to be released are as follows

Release Dates	Number of common shares to be released
August 25, 2022	3,123,750
February 25, 2023	3,123,750
August 25, 2023	3,123,750
February 25, 2024	3,123,750
	12,495,000

12. Exploration and Evaluation Expenses

Exploration and evaluation expenses are as follows:

	Three months ended May 31, 2022	Three months ended May 31, 2021	Nine months ended May 31, 2022	Nine months ended May 31, 2021
Assay	\$ 96,838	\$ 87,442	\$ 156,972	\$ 136,460
Camp	15,118	49,119	34,986	76,653
Drilling	40,221	80,534	237,656	125,679
Geology	60,993	170,559	101,824	266,172
Geophysics	1,971	118,074	13,034	184,263
Operating	76,412	103,201	225,177	161,052
Overhead	19,500	2,652	23,288	4,139
	\$ 311,053	\$ 611,581	\$ 792,937	\$ 954,418

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.

13. Financial Instruments (Continued)

Financial Instrument Risk Exposure

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

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 May 31, 2022, the Company has a cash balance of \$198,483 (August 30, 2021 - \$420,988) to settle current liabilities of \$441,191 (August 30, 2021 - \$179,301). 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 May 31, 2022 and August 31, 2021 to interest rate risk through its other financial instruments.

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 \$133,299 (\$78,563 CAD). A 5% change in the CAD-FJD foreign exchange rate would affect comprehensive loss by approximately \$3,928 (2021 - \$8,780).

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(expressed in Canadian Dollars)

14. Related Party Transactions

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

(a) Key Management Personnel Compensation

During the three and nine months ended May 31, 2022 and 2021, the Company paid and/or accrued the following fees to key management personnel:

	Three months ended May 31, 2022		Three months ended May 31, 2021		Nine months ended May 31, 2022		Nine months ended May 31, 2021	
Management	\$	143,820	\$	71,325	\$	355,259	\$	219,402
Director		-		-		-		3,085
	\$	143,820	\$	71,325	\$	355,259	\$	222,487

(b) Due to/from Related Party

As at May 31, 2022, the Company has accounts payable of \$43,033 (August 31, 2021 – \$29,340) due to a related parties and prepaid expenses of \$nil (August 31, 2021 - \$435).

15. Segmented Information

The breakdown of assets and liabilities by geographic area as at May 31, 2022 is as follows

	Canada		Fiji		BVI		Consolidated	
Assets	\$	446,248	\$	123,909	\$	200	\$	570,357
Liabilities	\$	416,204	\$	7,585	\$	17,402	\$	441,191

The breakdown of assets and liabilities by geographic area as at August 31, 2021 is as follows

	Canada		Fiji		BVI		Consolidated	
Assets	\$	513,008	\$	148,416	\$	18,941	\$	680,365
Liabilities	\$	168,278	\$	7,769	\$	3,254	\$	179,301

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15. Segmented information (Continued)

The breakdown of operating expenses by geographical area for the three and nine months ended May 31, 2022 and 2021 are as follows:

For the period ended November 30,	2022	2021
Operating expenses for the period:		
Canada	\$ 1,519,923	\$ 3,168,718
Fiji	854,382	205,030
BVI	33,022	10,881
Consolidated	\$ 2,407,327	\$ 3,384,629