



KALO GOLD CORP.

(An Exploration Stage Company)

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2022**

(EXPRESSED IN CANADIAN DOLLARS)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kalo Gold Corp.

Opinion

We have audited the consolidated financial statements of Kalo Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which indicates that the Company had an accumulated deficit of \$14,953,540 and working capital deficit of \$489,709 as at August 31, 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

December 21, 2022



An independent firm
associated with Moore
Global Network Limited

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

(expressed in Canadian Dollars)

	2022	2021
ASSETS		
Current assets		
Cash	\$ 70,608	\$ 420,988
Prepaid expenses	121,348	111,913
Sales taxes receivable	68,539	35,076
	260,495	567,977
Non-current assets		
Exploration and evaluation asset (Note 9)	1,304	1,304
Equipment (Note 10)	139,645	54,437
Deposits (Note 8)	46,813	49,806
Restricted cash	6,430	6,841
Total assets	\$ 454,687	\$ 680,365
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	\$ 711,989	\$ 179,301
Subscriptions payable (Note 19)	38,215	-
Total liabilities	750,204	179,301
Shareholders' equity (deficiency)		
Share capital (Note 12)	7,394,195	5,613,100
Contributed surplus	6,175,469	6,175,469
Reserves (Note 12)	1,137,211	979,241
Accumulated other comprehensive loss	(48,852)	(34,849)
Deficit	(14,953,540)	(12,231,897)
Total shareholders' equity (deficiency)	(295,517)	501,064
Total liabilities and shareholders' equity (deficiency)	\$ 454,687	\$ 680,365

Continuance of Operations and Going Concern (Note 2)
Subsequent Events (Note 19)

Approved and authorized for issue on behalf of the Board of Directors on December 21, 2022.

/s/ Terry Tucker

Terry Tucker, Director and CEO

/s/ David Whittle

David Whittle, Director

The accompanying notes are integral to these consolidated financial statements.

KALO GOLD CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

(expressed in Canadian Dollars)

	2022	2021
Operating expenses		
Consulting and management fees (Note 17)	\$ 815,411	\$ 445,646
Depreciation and amortization (Note 10)	26,203	10,886
Exploration and evaluation (Note 13)	793,686	1,268,893
Foreign exchange loss	22,089	10,395
General and administrative expenses	96,348	342,611
Investor relations and marketing	590,104	760,841
Legal and professional fees	246,931	388,535
Share-based payments (Note 12)	122,441	1,167,774
Travel	22,898	14,375
	(2,736,111)	(4,409,956)
Other income (expenses)		
Interest	1,178	(7,243)
Gain on sale of equipment (Note 10)	13,290	-
Listing expense (Note 7)	-	(1,456,291)
Other	-	(683)
Net loss	(2,721,643)	(5,874,173)
Other comprehensive income (loss)		
Items that may be reclassified subsequently to net loss		
Foreign exchange gain on translation of foreign operations	(14,003)	28,167
Loss and comprehensive loss for the year	\$ (2,735,646)	\$ (5,846,006)
Basic and diluted loss per share	\$ (0.04)	\$ (0.15)
Weighted average number of shares outstanding (basic and diluted)	60,942,477	40,480,576

The accompanying notes are integral to these consolidated financial statements.

KALO GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

(expressed in Canadian Dollars)

	2022	2021
Cash flows used in operating activities		
Net loss for the year	\$ (2,721,643)	\$ (5,874,173)
Adjustments to net loss		
Depreciation and amortization	26,203	10,886
Listing expense	-	1,456,291
Share-based payments	122,441	1,167,774
Interest expense	-	6,830
Gain on sale of equipment	(13,290)	-
Changes in non-cash working capital		
Accounts payable and accrued liabilities	532,688	(167,904)
Prepaid expenses, deposits and other assets	(42,898)	763,197
Due to shareholder	-	(190,784)
Cash flows used in operating activities	(2,096,499)	(2,827,883)
Cash flows used in investing activities		
Purchase of equipment	(110,728)	(58,901)
Disposal of equipment	13,290	-
Cash acquired in reverse acquisition	-	2,908,446
Cash flows used in investing activities	(97,438)	2,849,545
Cash flows from financing activities		
Proceeds from issuance of common shares net of issue costs	1,798,981	119,716
Proceeds from warrant exercise	17,643	-
Proceeds from subscriptions payable	38,215	-
Proceeds from short-term loan	-	139,000
Payment of short-term loan	-	(146,298)
Cash flows from financing activities	1,854,839	112,418
Effect of foreign exchange on cash	(11,282)	29,157
Change in cash during the year	(350,380)	163,237
Cash – beginning	420,998	257,751
Cash – ending	\$ 70,608	\$ 420,988

Supplementary Cash Flow Information

The company received \$3,718,900 in share subscriptions from the reverse acquisition of Kalo Gold Holdings Corp. (Note 7). The \$3,718,900 received was applied to the common share issuances during the year ended August 31, 2021.

KALO GOLD CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021

(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 year	-	-	-	-	-	-	(5,874,173)	(5,874,173)
Foreign exchange loss on translation of foreign operations	-	-	-	-	-	28,167	-	28,167
Shares issued for cash	34,044,500	4,172,900	-	(220,150)	-	-	-	3,952,750
Share-based payment	-	318,500	-	-	849,274	-	-	1,167,774
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 – 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	-	-	-	-	-	-	(2,721,643)	(2,721,643)
Foreign exchange loss on translation of foreign operations	-	-	-	-	-	(14,003)	-	(14,003)
Shares issued for cash	9,793,929	2,056,725	-	-	-	-	-	2,056,725
Share-based payment	-	-	-	-	122,441	-	-	122,441
Shares issued on exercise of warrants	176,425	38,814	-	-	(21,171)	-	-	17,643
Share issuance costs	-	(314,444)	-	-	56,700	-	-	(257,744)
Balance – August 31, 2022	63,728,420	\$ 7,394,195	\$ 6,175,469	\$ -	\$ 1,137,211	\$ (48,852)	\$ (14,953,540)	\$ (295,517)

The accompanying notes are integral to these consolidated financial statements.

**KALO GOLD CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

(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. 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 from Kalo Gold Holdings Corp. to Kalo Gold Corp. The Company’s common shares are listed on the TSX Venture Exchange under the symbol “KALO”. Kalo is a mineral exploration company focused on the Vatu Aurum gold project on Fiji’s north island, Vanua Levu.

The 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 take over (“RTO”) transaction pursuant to which it acquired Kalo Gold Canada Inc., formerly Kalo Gold Corp. (“KGC”) (Note 7).

2. Continuance of Operations and Going Concern

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

As at August 31, 2022, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day-to-day activities through operations. The Company had an accumulated deficit of \$14,953,540 and working capital deficit of \$489,709 as at August 31, 2022, and the management of the Company cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. These material uncertainties cast significant doubt about the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations.

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

3. COVID-19 Impact assessment

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

Fiji has been under COVID-19 inter-island travel restrictions since mid-April 2021. Drilling in Qiriyaga Hill and Vuinubu Ridge, on the Vatu Aurum gold project on Fiji's north island, Vanua Levu, will resume when restrictions on inter-island travels are lifted to allow the Company's drillers to return to site. Meantime, the Company will continue with the review of surface and core geology and expand soil sampling in Qiriyaga Zone, mapping of Mouta following the completion of soil sampling and visit to the other prospects. There is no material impact on the Company's operations and consolidated financial statements from the COVID-19 pandemic. There are currently no confirmed community cases of COVID-19 on the northern Fijian island of Vanua Levu, where Kalo Gold exclusively operates. 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 consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of these financial statements as set out below. These policies have been consistently applied to all period presented, unless otherwise stated.

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

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

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

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

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

5. Significant Accounting Policies

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

(a) Basis of Consolidation

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

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

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

(b) Cash

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

As at August 31, 2022, the Company's cash balance is \$70,608 (2021 - \$420,988). The Company has \$6,430 (2020 - \$6,841) of restricted cash as at August 31, 2022. Restricted cash is held as security deposit for credit card payments by a bank.

(c) 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.

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.

5. Significant Accounting Policies (Continued)

(c) Equipment (Continued)

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.

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 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.

5. Significant Accounting Policies (Continued)

(d) Exploration and Evaluation Assets (Continued)

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) Current and Deferred Income Taxes

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

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

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

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

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

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

(f) 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.

5. Significant Accounting Policies (Continued)

(g) 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.

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.

(h) 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.

5. Significant Accounting Policies (Continued)

(i) 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 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.

(j) Financial Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

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

Asset/ liabilities	IFRS 9
Cash	FVTPL
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Subscriptions payable	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.

5. Significant Accounting Policies (Continued)

(k) Financial Instruments (Continued)

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 uses the expected credit loss (“ECL”) model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company’s receivables.

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

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

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 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.

5. Significant Accounting Policies (Continued)

(l) 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.

(m) 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.

6. 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.

6. Significant Accounting Judgments and Estimates (Continued)

- *Functional Currency*

The functional currency of Kalo 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.

- *Income Taxes*

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

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

- *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.

- *Acquisition Accounting - KGC*

KGC has accounted for the reverse acquisition of Kalo as a reverse acquisition as an asset acquisition. Significant judgements and estimates were required to determine that the application of this accounting treatment was appropriate for the transaction. These included, among others, the determination that Aloki was not considered a business under IFRS 3 Business Combinations.

7. 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.

For accounting purposes, the RTO 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

8. Deposits

	August 31, 2022	August 31, 2021
Deposits	\$ 46,813	\$ 49,806

As at August 31, 2022, the Company held a term deposit of \$46,813 (2021 - \$49,806) 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.

9. Exploration and Evaluation Asset

	August 31, 2022	August 31, 2021
Vatu Aurum Gold Project	\$ 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, an island of Fiji.

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10. Equipment

		Office		Vehicles		Field		Total
As at August 31, 2020	\$	10,718	\$	56,646	\$	26,375	\$	93,739
Additions		8,626		44,254		6,021		58,901
Disposals		(630)		-		-		(630)
Foreign exchange		(288)		(1,525)		(710)		(2,523)
As at August 31, 2021	\$	18,426	\$	99,375	\$	31,686	\$	149,487
Additions		7,808		-		102,920		110,728
Disposals		-		(30,962)		-		(30,962)
Foreign exchange		71		497		978		1,546
As at August 31, 2022	\$	26,305	\$	68,910	\$	135,584	\$	230,799
Accumulated depreciation								
As at August 31, 2020	\$	(10,475)	\$	(56,646)	\$	(19,268)	\$	(86,389)
Depreciation		(59)		(7,950)		(3,607)		(11,616)
Disposals		630		-		-		630
Foreign exchange		(581)		2,099		807		2,325
As at August 31, 2021	\$	(10,485)	\$	(62,497)	\$	(22,068)	\$	(95,050)
Depreciation		(2,105)		(8,495)		(15,603)		(26,203)
Disposals		-		30,962		-		30,962
Foreign exchange		-		(291)		(572)		(863)
As at August 31, 2022	\$	(12,590)	\$	(40,321)	\$	(38,243)	\$	(91,154)
Net book value								
As at August 31, 2021	\$	7,941	\$	36,878	\$	9,618	\$	54,437
As at August 31, 2022	\$	13,715	\$	28,589	\$	97,341	\$	139,645

11. Accounts Payable and Accrued Liabilities

	August 31, 2022	August 31, 2021
Accounts payable	\$ 425,321	\$ 76,179
Accrued liabilities	286,668	103,122
	\$ 711,989	\$ 179,301

As at August 31, 2022, included in accounts payable are amounts totalling \$242,099 (2021 - \$29,340) due to a related party (Note 17).

12. 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 year ended August 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 \$257,744 in fees paid in cash and a further \$56,700 for the fair value of the 492,936 finders warrants (Note 12 (d)).
- During the year ended May 31, 2022, the Company issued 176,425 common shares from the exercise of warrants for gross proceeds of \$17,643.

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 7). 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.

12. Share Capital (continued)

(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, 2020	\$ -	-
Stock options granted	0.21	5,290,000
Stock options from RTO	0.10	600,000
Balance – August 31, 2021 and 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 7). 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 of \$176,940 has been recorded as share based payment expense (2022 - \$122,441, 2021 - \$54,499).

12. 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	8.51	\$0.34	120,000	\$0.34
\$0.26	900,000	3.90	\$0.26	900,000	\$0.26
\$0.20	4,270,000	8.50	\$0.20	4,270,000	\$0.20
\$0.10	600,000	7.50	\$0.10	600,000	\$0.10
	5,890,000	7.69	\$0.20	5,890,000	\$0.20

(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 - August 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 two years from the issuance have been valued 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 114% and no expected dividends. The fair value of the warrants was determined to be \$56,700 and has been recorded as a share issuance cost in equity.

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12. Share Capital (continued)

(d) Warrants (continued)

On February 25, 2021, 176,425 warrants expiring February 28, 2022 issued prior to the reverse takeover of Kalo Gold Holdings Corp. have been revalued using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.14% per annum, an expected life of warrants of 2 years, an expected volatility of 100% and no expected dividends. The fair value of the options has been determined to be \$21,003 and was incorporated as part of purchase price (Note 7).

(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 August 31, 2022, 9,371,250 common shares remain in escrow.

13. Exploration and Evaluation Expenses

The exploration and evaluation expenditures were incurred in relation to the Vatu Aurum Gold Project (Note 9). Exploration and evaluation expenses are as follows:

	August 31, 2022	August 31, 2021
Assay	\$ 166,244	\$ 206,141
Camp	34,044	92,971
Drilling	133,630	291,162
Geology	134,377	190,335
Geophysics	38,730	278,514
Operating	255,378	188,457
Overhead	31,283	21,313
	\$ 793,686	\$ 1,268,893

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14. Income Tax

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

	August 31, 2022	August 31, 2021
Net loss for the year	\$ 2,721,643	\$ 5,874,173
Net loss exempted for tax in BVI	(40,440)	(48,902)
Total net loss subject to income tax	2,681,203	5,825,270
Income tax recovery at statutory rate of 27%	(723,924)	(1,572,823)
Change in statutory tax rates and other	82,107	68,868
Permanent difference	29,580	533,742
Foreign exchange impact	-	-
Share issuance cost	(69,591)	(113,706)
Adjustment to prior year's provision versus statutory tax returns and expiry of non-capital losses	37,066	(3,692)
Change in unrecognized deferred tax assets	644,762	1,087,611
Income tax provision	\$ -	\$ -

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

	August 31, 2022	August 31, 2021
Equipment	\$ 16,788	\$ 20,418
Exploration and evaluation expenditures	1,086,963	1,017,004
Share issuance cost	129,663	99,616
Non-capital losses - Canada	1,500,876	952,490
Unrecognized deferred tax assets	(2,734,290)	(2,089,528)
Net deferred income tax assets	\$ -	\$ -

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

	2022	Expiry date range	2021	Expiry date range
Temporary Differences				
Equipment	\$ 86,210	No expiry date	\$ 101,339	No expiry date
Exploration and evaluation expenditures	5,434,817	No expiry date	5,085,021	No expiry date
Share issuance cost	480,235	2023 to 2026	368,947	2022 to 2025
Non-capital losses available for future periods - Canada	5,558,798	2039 to 2042	3,527,738	2039 to 2041

15. Management of Capital

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

15. Management of Capital (Continued)

There was no change to the Company's management of capital during the year ended August 31, 2022. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements.

16. 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 described in Note 15.

As at August 31, 2022, the Company has a cash balance of \$70,608 (2021 - \$420,988) to settle current liabilities of \$750,204 (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 August 31, 2022 and 2021 to interest rate risk through its other financial instruments.

16. 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 \$139,802 (\$79,328). A 5% change in the CAD-FJD foreign exchange rate would affect comprehensive loss by approximately \$6,990 (2021 - \$4,634).

17. Related Party Transactions

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

(a) Key Management Personnel Compensation

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

	August 31, 2022		August 31, 2021	
Consulting Fees				
Management	\$	534,005	\$	582,153
Director		-		713
Share-based payments				
Management	\$	-	\$	392,754
Director		-		145,587
	\$	534,005	\$	1,121,207

(b) Due to Related Parties

As at August 31, 2022, the balances payable to related parties are \$242,099 (2021 – \$29,340).

18. Geographic Segment Information

The breakdown by geographic area as at August 31, 2022 is as follows

	Canada		Fiji		BVI		Consolidated	
Assets	\$	239,448	\$	212,538	\$	2,701	\$	454,687
Liabilities		725,574		8,717		15,913		750,204
Operating expenses	\$	1,812,488	\$	883,179	\$	40,444	\$	2,736,111

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18. Geographic Segment Information (continued)

The breakdown 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
Operating expenses	\$	2,658,422	\$	1,702,631	\$	48,903	\$	4,409,956

19. Subsequent events

On September 1, 2022, the Company closed a private placement with issuance of 2,040,000 shares for gross proceeds of \$163,200. As at August 31, 2022, the Company had received refundable proceeds of \$38,215 and such proceeds is recorded as subscriptions payable.

On August 12, 2022, the Company entered into a share purchase agreement whereby the Company agreed to acquire 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 issuance of 7,496,250 common shares as consideration with a fair value of \$500,000. On September 1, 2022, the Company completed the acquisition of BCCo. The shares are subject to a voluntary hold period of one year, to September 1, 2023. BCCo did not constitute a business as defined under IFRS 3 Business Combinations; therefore, the acquisition is accounted for under IFRS 2 Share-based payments.

On October 14, 2022, the Company issued 3,000,000 restricted share units ("RSUs") to an officer of the Company. The RSUs vest as follows: 2,000,000 in 12 months from the date of grant, 500,000 in 18 months, and 500,000 in 24 months.

On October 14, 2022, the Company granted to certain officers, directors, and consultants of the Company 1,400,000 stock options, each of which entitles the holder to purchase a share at a price of \$0.05 for a period of five years from the date of grant. These stock options vested immediately upon grant.