



Kalo Gold Holdings Corp.
(FORMERLY E36 CAPITAL CORP.)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2021**

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

KALO GOLD HOLDINGS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT FEBRUARY 28, 2021 AND AUGUST 31, 2020

(expressed in Canadian Dollars)
(unaudited)

	FEBRUARY 28, 2021	AUGUST 31, 2020
ASSETS		
Current assets		
Cash	\$ 2,893,603	\$ 257,751
Prepaid expenses and other current assets (Note 7)	500,180	-
	3,393,783	257,751
Non-current assets		
Exploration and evaluation assets (Note 8)	1,304	1,304
Equipment (Note 9)	14,905	7,350
Deposits and other assets (Note 10)	43,244	35,515
Restricted cash	6,304	6,783
Total assets	\$ 3,459,540	\$ 308,703
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	\$ 366,074	\$ 142,921
Due to shareholder (Note 16(c))	327,238	190,784
Total liabilities	693,312	333,705
Shareholders' deficiency		
Share capital (Note 12)	5,613,100	119
Contributed surplus	6,175,469	6,175,469
Reserves	772,118	220,150
Accumulated other comprehensive loss	(43,342)	(63,016)
Deficit	(9,751,117)	(6,357,724)
Total shareholders' deficiency	2,766,228	(25,002)
Total liabilities and shareholders' deficiency	\$ 3,459,540	\$ 308,703

Continuance of Operations and Going Concern (Note 2)
Subsequent Events (Note 18)

Approved and authorized for issue on behalf of the Board of Directors on April 29, 2021

/s/ Fred Tejada

Fred Tejada, Director and CEO

/s/ Kevin Ma

Kevin Ma, Director and President

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

KALO GOLD HOLDINGS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

(expressed in Canadian Dollars)
(unaudited)

	THREE MONTHS ENDED FEBRUARY 28, 2021	THREE MONTHS ENDED FEBRUARY 29, 2020	SIX MONTHS ENDED FEBRUARY 28, 2021	SIX MONTHS ENDED FEBRUARY 29, 2020
Operating expenses				
Consulting	\$ 152,491	\$ 2,515	\$ 235,848	\$ 7,766
Depreciation and amortization	-	285	-	571
Exploration and evaluation (Note 13)	211,113	24,323	328,868	78,225
Foreign exchange loss (gain)	2,784	-	(1,064)	-
General and administrative expenses	30,066	6,771	52,677	14,501
Investor relations	19,373	-	19,373	-
Legal and professional fees	409,121	12,522	492,336	21,884
Listing expense (Note 6)	1,270,444	-	1,270,444	-
Share based payments (Note 12)	642,151	-	960,651	-
Travel	3,739	-	25,496	2,416
Operating loss for the period	(2,741,282)	(46,416)	(3,384,629)	(125,363)
Other expenses				
Interest	(8,764)	-	(8,764)	-
Net loss	(2,750,046)	(46,416)	(3,393,393)	(125,363)
Other comprehensive income (loss)				
Foreign exchange gain (loss) on translation of foreign operations	25,373	7,610	19,674	6,583
Net comprehensive loss for the period	\$ (2,724,673)	\$ (38,806)	\$ (3,373,719)	\$ (118,780)
Basic and diluted loss per share	\$ (0.10)	\$ (464)	\$ (0.12)	\$ (1,254)
Weighted average number of shares outstanding (basic and diluted)	28,326,937	100	26,983,008	100

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

KALO GOLD HOLDINGS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

(expressed in Canadian Dollars)
(unaudited)

	SIX MONTHS ENDED FEBRUARY 28, 2021	SIX MONTHS ENDED FEBRUARY 29, 2020
Cash flows from operating activities		
Net loss for the period	\$ (3,393,393)	\$ (125,363)
Adjustments to net loss		
Depreciation and amortization	-	571
Listing expense (Note 6)	1,270,444	-
Share-based payments (Note 12)	960,651	-
Changes in non-cash working capital		
Accounts payable and accrued liabilities	210,177	(10,256)
Prepaid expenses, deposits and other assets	410,759	(15,512)
Due to shareholder (Note 16(c))	136,454	-
Cash flows used in operating activities	(404,908)	(150,560)
Cash flows from investing activities		
Purchase of equipment	(8,522)	(2,753)
Cash received in reverse acquisition of Kalo Gold Holdings Corp. (Note 6)	2,908,446	-
Cash flows used in investing activities	2,899,924	(2,753)
Cash flows from financing activities		
Proceeds from issuance of common shares	4,058,766	-
Share subscriptions received	(3,939,050)	-
Shareholders' contributions	-	125,733
Cash flows from financing activities	119,716	125,733
Effect of foreign exchange on cash	21,120	6,148
Change in cash during the period	2,614,732	(27,580)
Cash – beginning	257,751	199,700
Cash – ending	\$ 2,893,603	\$ 178,268

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

KALO GOLD HOLDINGS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

(expressed in Canadian Dollars)
(unaudited)

	Share capital		Shareholders' contributions	Subscriptions received	Reserves	Accumulated other comprehensive loss	Deficit	Total
	Number of shares	Amount						
Balance – August 31, 2019	100	\$ 119	\$ 6,151,916	\$ -	\$ -	\$ (72,318)	\$ (5,874,662)	\$ 205,055
Net loss for the period	-	-	-	-	-	-	(125,363)	(125,363)
Foreign exchange gain on translation of foreign operations	-	-	-	-	-	6,583	-	6,583
Shareholders' contributions	-	-	125,733	-	-	-	-	125,733
Balance – February 29, 2020	100	\$ 119	\$ 6,277,649	\$ -	\$ -	\$ (65,735)	\$ (6,000,025)	\$ 212,008
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	-	-	-	-	-	-	(3,393,393)	(3,393,393)
Foreign exchange loss on translation of foreign operations	-	-	-	-	-	19,674	-	19,674
Shares issued for cash	34,044,500	4,172,900	-	(220,150)	-	-	-	3,952,750
Share based payment	-	318,500	-	-	642,151	-	-	960,651
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 – February 28, 2021	53,758,076	\$ 5,613,100	\$ 6,175,469	\$ -	\$ 772,118	\$ (43,342)	\$ (9,751,117)	\$ 2,766,228

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

KALO GOLD HOLDINGS CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

(expressed in Canadian Dollars)
(unaudited)

1. Nature of Business

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

The registered office of the Company is located at Suite 2500 666 Burrard Street, Vancouver, British Columbia V6C 2X8.

Reverse Takeover

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

On August 6, 2020, as part of a corporation reorganization, KGC completed a reverse takeover transaction pursuant to which it acquired Aloki Mining Limited (“Aloki”), a company incorporated under the laws of the British Virgin Islands on December 8, 2009. Aloki through its subsidiary, is a natural resource company principally engaged in the exploration and development of the Vatu Aurum Gold Project. Aloki’s wholly-owned subsidiary, Kalo Exploration Pte Limited, is a limited liability company formed under the laws of Fiji, holds the license related to the Vatu Aurum Gold Project (Note 6), and is the operator of all related mineral exploration activities.

2. Continuance of Operations and Going Concern

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

As at February 28, 2021, 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 \$9,751,117 and working capital of \$2,703,471 as at February 28, 2021, 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 unaudited condensed interim consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management intends to finance mineral property acquisition, exploration and general administration costs over the next twelve months from proceeds of private placements of its common shares and by receiving contributions from its shareholders.

KALO GOLD HOLDINGS CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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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. There has not been a material impact on the Company's operations during this period and as a result there has been no material impact to the Company's condensed interim consolidated financial statements from the COVID-19 pandemic.

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, 2020.

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 assets or liability, either directly or indirectly

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

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, 2020. 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, 2020.

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 as 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 net assets of Kalo. As a result of the RTO, the statement of financial position has been adjusted for the elimination of Kalo's share capital, contributed surplus and accumulated deficit within shareholders' equity.

KALO GOLD HOLDINGS CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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6. Reverse Acquisition (continued)

The accounting for the RTO results in the following:

- (i) The consolidated financial statements of the combined entities are issued under the legal parent, Kalo, but are considered a continuation of the consolidated financial statements of the legal subsidiary, KGC.
- (ii) Since KGC is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

The allocation of the consideration transferred is subject to change and 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	918,668
Accounts and accrued liabilities	(12,976)
Share subscriptions	(3,718,900)
Charge related to public company listing	1,270,444
	\$ 1,365,682

7. Prepaid Expenses and Other Current Assets

	February 28, 2021	August 31, 2020
Prepaid expense	\$ 401,655	\$ -
VAT receivable	73,225	-
Other receivable	25,300	-
	\$ 500,180	\$ -

Prepaid expenses consist of \$366,660 for advances for investor relations fees.

8. Exploration and Evaluation Assets

	February 28, 2021	August 31, 2020
Vatu Aurum Gold Project	\$ 1,304	\$ 1,304
	\$ 1,304	\$ 1,304

Kalo Exploration Pte Limited, a wholly owned subsidiary of the Company, acquired Vatu Aurum Gold Project, a Special Prospecting Licence 1464 and 1511 in 2009 from Aurum Exploration Ltd. Aurum first applied for the licences in the early 2000's, and received the licences in 2009. Vatu Aurum is located in the North Island of Fiji and is approximately 36,700 hectares.

KALO GOLD HOLDINGS CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

(expressed in Canadian Dollars)
(unaudited)

9. Equipment

	Equipment	
As at August 31, 2020	\$	93,739
Additions		8,522
Foreign exchange		430
As at February 28, 2021	\$	102,691
Accumulated depreciation		
As at August 31, 2020	\$	(86,388)
Depreciation		-
Foreign exchange		(1,398)
As at February 28, 2021	\$	(87,786)
Net book value		
As at August 31, 2020	\$	7,351
As at February 28, 2021	\$	14,905

10. Deposits and Other Assets

	February 28, 2021	August 31, 2020
Prepaid expenses and deposits	\$ 38,252	\$ 19,846
Value-added tax receivable	-	10,648
Other receivables	4,992	5,021
	\$ 43,244	\$ 35,515

11. Accounts Payable and Accrued Liabilities

	February 28, 2021	August 31, 2020
Accounts payable	\$ 257,372	\$ 37,409
Accrued liabilities	80,639	105,512
	\$ 338,011	\$ 142,921

As at February 28, 2021, included in accounts payable are amounts totalling \$nil (August 31, 2020 - \$931) due to related party (see Note 16).

KALO GOLD HOLDINGS CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

(expressed in Canadian Dollars)
(unaudited)

12. Share Capital

(a) Authorized Share Capital

The Company is authorized to issue unlimited of common shares without par value. At February 28, 2021 the Company had 53,758,076 (August 31, 2020 12,000,001) common shares outstanding.

(b) Issued Share Capital

During the six months ended February 28, 2021, the Company issued common shares as follows:

- On February 25, 2021, the Company issued 18,594,500 common shares at a price of \$0.20 per share for gross 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 with a fair value of \$0.20 per share as finder's fees.
- On February 25, 2021, the Company issued 6,178,575 common shares in connection with the RTO (Note 6). The deemed fair value of the shares is \$0.20 per share.
- On September 10, 2020, the Company issued 6,500,000 common shares at a price of \$0.001 per share for gross proceeds of \$6,500. The deemed fair value of the shares is \$0.05 per share and a share based payment of \$318,500 is recorded.
- On September 11, 2020, the Company issued 8,950,000 common shares at a price of \$0.05 per share for gross proceeds of \$447,500.

During the year ended August 31, 2020, the Company issued common shares as follows:

- On August 6, 2020, the Company is deemed to have issued 11,999,901 common shares in the reverse acquisition of Kalo.

(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 of the Company.

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 issued	\$0.20	3,620,000
Stock options from RTO	\$0.10	600,000
Balance – February 28, 2021	\$0.19	4,220,000

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.

KALO GOLD HOLDINGS CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

(expressed in Canadian Dollars)
(unaudited)

12. Share Capital (continued)

On February 25, 2021, 600,000 stock options expiring February 28, 2030 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 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).

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
\$0.20	3,620,000	9.99	\$0.20	3,620,000	\$0.20
\$0.10	600,000	9.01	\$0.10	600,000	\$0.10
	4,220,000	9.85	\$0.19	4,220,000	\$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 – February 28, 2021	\$0.10	176,425

The expiry of warrants are as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
February 28, 2022	February 28, 2022	176,425	\$0.10
		176,425	\$0.10

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 option of 9 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).

KALO GOLD HOLDINGS CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

(expressed in Canadian Dollars)
(unaudited)

13. Exploration and Evaluation Expenses

Exploration and evaluation expenses incurred for the three and six months ended February 28, 2021 and February 29, 2020 are as follows:

	Three months ended February 28, 2021	Three months ended February 29, 2020	Six months ended February 28, 2021	Six months ended February 29, 2020
Consulting	\$ 86,111	\$ -	\$ 115,509	\$ -
Exploration support and administration	599	1,797	8,475	5,780
Field operations and consumables	121,566	21,914	201,474	70,480
Sampling and geological costs	852	611	1,425	1,965
Travel	1,985	-	1,985	-
	\$ 211,113	\$ 24,332	\$ 328,868	\$ 78,225

14. 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.

As at February 28, 2021 and August 31, 2020 the Company does not any have level 2 or 3 financial assets or liabilities.

There were no transfers between level 1 and 2 during the six months ended February 28, 2021 and 2020.

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 as further described in Note 15.

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.

KALO GOLD HOLDINGS CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2021 AND FEBRUARY 29, 2020

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16. 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 six months ended February 28, 2021 and February 29, 2020, the Company paid and/or accrued the following fees to key management personnel:

	Three months ended February 28, 2021	Three months ended February 29, 2020	Six months ended February 28, 2021	Six months ended February 29, 2020
Management	\$ 29,726	\$ -	\$ 59,626	\$ -
Director	1,768	2,515	3,085	7,766
	<u>\$ 31,494</u>	<u>\$ 2,515</u>	<u>\$ 62,711</u>	<u>\$ 7,766</u>

Additional to the fees paid to management personnel in the table above, during the year ended, there were also share based payments of \$384,505 and \$108,202 (2020 – nil and nil) for the three months ended February 28, 2021 and \$414,405 and \$109,519 (2020 – nil and nil) paid to management and directors respectively. Key management includes the Corporation's Board of Directors and members of senior management

(b) Due to/from Related Party

As at February 28, 2021, the Company has accounts payable of \$59,626 (August 31, 2020 – \$931) due to a related party and prepaid expenses of nil (August 31, 2020 - \$1,739).

(c) Due to Shareholder

	February 28, 2021	August 31, 2020
Due to shareholder	\$ 327,238	\$ 190,784
	<u>\$ 327,238</u>	<u>\$ 190,784</u>

As at February 28, 2021, \$327,238 (August 31, 2020, \$190,784) is owed to a shareholder for expenses paid by a shareholder and amounts owed. The amount owed to the shareholder is interest free and payable on demand.

17. Segmented Information

For the six months ended February 28, 2021 and February 29, 2020 the Company operated in a single operating segment and evaluates the performance of the business as a single segment.

18. Subsequent Events

- (a)** On March 1, 2021, the Company issued 650,000 stock options expiring March 1, 2031 with an exercise price of \$0.20.
- (b)** On March 4, 2021, the Company issued 120,000 stock options expiring March 4, 2031 with an exercise price of \$0.34.