Kalo Gold Corp.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

(EXPRESSED IN CANADIAN DOLLARS)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors 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, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Basis for Opinion

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about 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, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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

In connection with our audits of the consolidated 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 consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, 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 Consolidated Financial Statements

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

In preparing the consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 audits.

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.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
February 4, 2021

KALO GOLD CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT AUGUST 31, 2020 AND 2019

(expressed in Canadian Dollars)

		2020		2019
ASSETS				
Current assets				
Cash and cash equivalents (Note 5b)	$	257,751	$	199,700
		257,751		199,700
Non-current assets				
Exploration and evaluation assets (Note 8)		1,304		1,330
Equipment, net (Note 9)		7,350		2,727
Deposits and other assets (Note 10)		35,515		10,618
Restricted cash (Note 5b)		6,783		6,644
Reclamation bond (Note 11)		-		48,607
Total assets	$	308,703	$	269,626
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and other current liabilities (Note 12)	$	142,921	$	64,571
Due to shareholders (Note 20(c))		190,784		-
Total liabilities		333,705		64,571
Shareholders' equity				
Share capital (Note 14)		119		119
Contributed surplus (Note 15)		6,175,469		6,151,916
Subscriptions received (Note 13)		220,150		-
Accumulated other comprehensive loss		(63,016)		(72,318)
Deficit		(6,357,724)		(5,874,662)
Total equity (deficit)		(25,002)		205,055
Total liabilities and shareholders' equity	$	308,703	$	269,626

Continuance of Operations and Going Concern (Note 2)
Subsequent Events (Note 22)

Approved on behalf of the Board of Directors on February 4, 2021

/s/ Serco Management Limited
Serco Management Limited, Sole Director

KALO GOLD CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019
(expressed in Canadian Dollars)

		2020		2019
Operating expenses				
Consulting	$	13,972	$	10,918
Depreciation and amortization		3,116		4,932
Exploration and evaluation (Note 16)		227,982		66,951
General and administrative expenses		40,732		28,869
Legal and professional fees		163,966		64,230
Share based payments (Note 7)		31,521		-
Travel		2,477		513
Loss before other items		(483,766)		(176,413)
Other items				
Interest income		704		1,127
Net loss for the year		(483,062)		(175,286)
Other comprehensive gain				
Foreign exchange gain on translation of foreign operations		9,302		750
Net comprehensive loss for the year	$	(473,760)	$	(174,536)
Basic and diluted loss per share	$	(0.58)	$	(1,753)
Weighted average number of shares outstanding (basic and diluted)		819,765		100

KALO GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

(expressed in Canadian Dollars)

		2020		2019
Cash flows from operating activities				
Net loss for the year	$	(483,062)	$	(175,286)
Adjustments to net loss				
Depreciation and amortization		3,116		4,932
Share-based payments (Note 7)		31,521		-
Changes in non-cash working capital				
Accounts payable and accrued liabilities		37,104		49,672
Deposits and other current assets		(15,149)		6,194
Reclamation Bond		48,607		-
Due to shareholder		190,784		
Cash flows used in operating activities		(187,079)		(114,489)
Cash flows from investing activities				
Purchase of equipment (Note 9)		(7,558)		-
Cash received from reverse acquisition of Kalo Gold Corp. (Note 7)		194,377		-
Cash flows from in investing activities		186,819		-
Cash flows from financing activities				
Proceeds from shareholders' contributions		23,553		173,846
Proceeds from subscriptions received		25,750		-
Cash flows from financing activities		49,303		173,846
Effect of foreign exchange on cash		9,008		1,584
Change in cash during the year		58,051		60,941
Cash – beginning		199,700		138,759
Cash – ending	$	257,751	$	199,700

KALO GOLD CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019
(Expressed in Canadian Dollars)

	Share capital						
	Number of shares	**Amount**	**Contributed Surplus**	**Subscriptions received**	**Accumulated other comprehensive loss**	**Deficit**	**Total**
Balance – August 31, 2018	100	$ 119	$ 5,978,070	-	$ (73,068)	$ (5,699,376)	$ 205,745
Net loss for the year	-	-		-	-	(175,286)	(175,286)
Foreign exchange loss on translation of foreign operations	-	-		-	750	-	750
Shareholders' contributions	-	-	173,846	-	-	-	173,846
Balance – August 31, 2019	100	$ 119	$ 6,151,916	-	$ (72,318)	$ (5,874,662)	$ 205,055
Net loss for the year	-	-	-	-	-	(483,062)	(483,062)
Foreign exchange loss on translation of foreign operations	-	-	-	-	9,302	-	9,302
Shareholders' contributions	-	-	23,553	-	-	-	23,553
Subscriptions received	-	-	-	220,150	-	-	220,150
Shares issued in for RTO (Note 7)	11,999,900	-	-	-	-	-	-
Balance – August 31, 2020	12,000,000	$ 119	$ 6,175,469	220,150	$ (63,016)	$ (6,357,724)	$ (25,002)

The accompanying notes are integral to these consolidated financial statements

1. Nature of Business

Kalo Gold Corp. ("Kalo" or the "Company") was incorporated on June 8, 2020 under the Business Corporation Act of the Province of British Columbia. The Company's registered records office is located at 1055 West Georgia Street, Suite 1500, PO Box 11117, Vancouver, BC, V6E 4N7.

Reverse Takeover

On August 6, 2020, the Company completed a reverse takeover transaction ("RTO") pursuant to which it acquired Aloki Mining Limited ("Aloki"), a company incorporated under the laws of the British Virgin Islands on December 8, 2009 (Note 7). 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 8), and is the operator of all related mineral exploration activities.

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, 2020, 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 $6,357,724 as at August 31, 2020, 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. 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. There was no material impact on the Company's consolidated financial statements from the COVID-19 pandemic.

4. Basis of Preparation and Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB) and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements were approved by the Board of Directors.

The Company's consolidated 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 consolidated 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

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
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.

(expressed in Canadian dollars)

5. Significant Accounting Policies (Continued)

(b) Cash and Cash Equivalents

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

As at August 31, 2020, the Company's cash balance is $257,751 (2019 - $199,700). The Company has $6,783 (2019 - $6,644) of restricted cash as at August 31, 2020. Restricted cash is held as security deposit for credit card payments by a bank. Cash held in trust accounts as at August 31, 2020 is $145,500 (2019 - $Nil).

(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.

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%

5. Significant Accounting Policies (Continued)

(d) Leases

The Company adopted all of the requirements of IFRS 16, effective September 1, 2019. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17. There was no material impact on the Company's consolidated financial statements upon the adoption of this new standard.

(e) 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.

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.

(f) 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.

5. Significant Accounting Policies (Continued)

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.

(g) 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.

(h) 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 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.

5. Significant Accounting Policies (Continued)

Group companies:

On consolidation, the assets and liabilities of foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. 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.

(i) 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.

(j) 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.

5. Significant Accounting Policies (Continued)

(k) 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	FTVPL
Restricted cash	Amortized cost
Accounts 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.

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.

5. Significant Accounting Policies (Continued)

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 derecognition are generally recognized in profit or loss.

(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.

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.

- *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.

- *Acquisition Accounting*

  Aloki 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 August 6, 2020, Aloki Mining Limited ("Aloki") and Kalo Gold Corp. ("Kalo") completed a share exchange agreement, whereby Kalo acquired 100% of the issued and outstanding shares of Aloki by issuing to former shareholders of Aloki 11,999,901 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 Aloki 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.

(expressed in Canadian dollars)

7. 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, Aloki.

(ii) Since Aloki 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		
11,999,901 common shares of Kalo	$	-
Total Purchase Price	$	-
Allocation of Purchase Price		
Cash	$	194,378
Prepaid expenses and other current assets		9,748
Accounts and accrued liabilities		(41,247)
Share subscriptions		(194,400)
Share based payment		31,521
	$	-

8. Exploration and Evaluation Asset

Vatu Aurum Gold Project	August 31, 2020	August 31, 2019
Opening Balance	$ 1,330	$ 1,000
Effects of foreign exchange translation	(26)	330
Closing Balance	$ 1,304	$ 1,330

Kalo Exploration Pte Limited, a wholly owned subsidiary of the Company, acquired Vatu Aurum Gold Project, a Special Prospecting Licence 1464 (formerly SPL 1214) in 2009 from Aurum Exploration Ltd. Aurum first applied for the licence in the early 2000's, and received the licence in 2009. Vatu Aurum is located in the North Island of Fiji and is approximately 36,700 hectares.

(expressed in Canadian dollars)

9. Equipment

		Equipment
As at August 31, 2018	$	85,461
Additions		296
Foreign exchange		(1,514)
As at August 31, 2019	$	84,243
Additions		7,558
Foreign exchange		1,938
As at August 31, 2020	$	93,739
Accumulated depreciation		
As at August 31, 2018	$	(77,951)
Depreciation		(4,932)
Foreign exchange		1,367
As at August 31, 2019	$	(81,516)
Depreciation		(3,116)
Foreign exchange		(1,756)
As at August 31, 2020	$	(86,388)
Net book value		
As at August 31, 2019	$	2,726
As at August 31, 2020	$	7,351

10. Deposits and Other Assets

	August 31, 2020	August 31, 2019
Prepaid expenses and deposits	$ 19,846	$ 8,702
Value-added tax receivable	10,648	730
Other receivables	5,021	1,186
	$ 35,515	$ 10,618

As at August 31, 2020, included in prepaid expenses and deposits are amounts totaling $1,739 (2019 - $nil) paid to a related party (see Note 20).

11. Reclamation Bond

	August 31, 2020	August 31, 2019
Reclamation bond	$ -	$ 50,393
Foreign exchange	-	(1,786)
	$ -	$ 48,607

As at August 31, 2019, the Company held a term deposit of the amount in $80,000 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. During the year ended August 31, 2020, amount deposited for 2019 was refunded to the company and the amount required to be paid as per the budgeted exploration expenses 2020, was paid directly by the Company to the Mineral Resource Department. The Company is not expecting these funds to be refunded, therefore are included within Exploration and Evaluation Expenses (Note 16).

(expressed in Canadian dollars)

12. Accounts Payable and Other Current Liabilities

	August 31, 2020	August 31, 2019
Accounts payable	$ 37,409	$ 34,569
Accrued liabilities	79,496	30,002
Due to E36 Capital	26,016	-
	$ 142,921	$ 64,571

As at August 31, 2020, included in accounts payable are amounts totalling $931 (2019 - $3,546) due to related party (see Note 20).

13. Shares Subscription

The corporation received $220,150 for share subscriptions. As at August 31, 2020, no shares have been issued for the deposits received.

14. Share Capital

(a) Authorized Share Capital

The Company is authorized to issue unlimited of common shares without par value. At August 31, 2020, the Company had 12,000,000 common shares outstanding.

(b) Issued Share Capital

During the years ended August 31, 2020 and 2019, the Company did issued commons shares as follows:

- On August 6, 2020, the Company is deemed to have issued 11,999,900 common shares in the reverse acquisition of Kalo.

15. Contributed Surplus

	August 31, 2020	August 31, 2019
	$ 6,175,469	$ 6,151,916

Shareholders' contributions consist of amounts received from shareholders of the Company as funding for exploration and evaluation activities. The amounts are non-repayable.

16. Exploration and Evaluation Expenses

Exploration and evaluation expenses incurred for the years ended August 31, 2020 and 2019 are as follows:

	August 31, 2020	August 31, 2019
Consulting	$ 20,224	$ -
Exploration support and administration	23,388	86
Field operations and consumables	155,650	58,835
Sampling and geological costs	15,844	151
Travel and accommodation	12,876	7,879
	$ 227,982	$ 66,951

(expressed in Canadian dollars)

17. Income Tax

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

	2020 $	2019 $
		$
Net loss for the year	483,062	175,286
Net loss exempted for tax in BVI	(65,053)	(53,985)
Total net loss subject to income tax	418,009	121,301
Average income tax rate	22%	20%
Income tax recovery at statutory rate	(92,043)	(24,260)
Foreign exchange impact	(18,192)	15,461
Change in unrecognized deferred tax assets	110,235	8,799
Income tax provision	-	-

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of deferred tax assets (liabilities) are as follows:

	2020 $	2019 $
Equipment	20,321	24,827
Exploration and evaluation expenditures	942,369	827,628
Unrecognized deferred tax assets	(962,690)	(852,455)
Net deferred income tax assets	-	-

18. 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 August 31, 2020 and 2019, 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 years ended August 31, 2020, and 2019.

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 19.

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.

18. Financial Instruments (continued)

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 19.

As at August 31, 2020, the Company had a cash balance of $257,751 (2019 – $199,700) to settle current liabilities of $333,705 (2019 - $64,571). 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, 2020 and 2019 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. A 5% change in the CAD-FJD foreign exchange rate would affect comprehensive loss by approximately $2,460 (2019 - $2,210).

19. 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. The Company is not subject to any externally imposed capital requirements.

(expressed in Canadian dollars)

20. 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 years ended August 31, 2020 and 2019, the Company paid and/or accrued the following fees to key management personnel:

	August 31, 2020	August 31, 2019
Management	$ 6,441	$ 5,616
Directors	7,531	5,302
	$ 13,972	$ 10,918

(b) Due to/from Related Party

As at August 31, 2020, the Company has prepayments of $1,739 paid to a related party and accounts payable of $931 due to a related party (2019 – accounts payable of $3,546).

(c) Due to Shareholders

	August 31, 2020	August 31, 2019
Due to shareholders	$ 190,784	$ -
	$ 190,784	$ -

As at August 31, 2020, $190,784 (2019 – nil) for expenses paid by a shareholder and amounts owed to a shareholder.

(d) Shareholders' Contributions

As at August 31, 2020 and 2019, the Company has received capital contributions as follows:

	Shareholder Contributions
Balance August 31, 2018	$ 5,978,070
Contributions for the year	173,846
Balance August 31, 2019	$ 6,151,916
Contributions for the year	25,553
Balance August 31, 2020	$ 6,175,469

The contributions received by the Company are used primarily as funding for exploration and evaluation related activities (Note 15).

21. Segmented Information

For the years ended August 31, 2020 and 2019 the Company operated in a single operating segment and evaluates the performance of the business as a single segment.

22. Subsequent Events

- On September 11, 2020, the Company issued 6,500,000 common shares at a price of $0.001 per common share for gross proceeds of $6,500.

- On September 12, 2020, the Company issued 8,950,000 common shares at a price of $0.05 per common share for gross proceeds of $447,500.

- On September 30, 2020, the Company entered into an Amalgamation Agreement with E36 Capital Corp. ("E36"), a Capital Pool Company as defined in the policies of the TSX Venture Exchange and 1266094 B.C. Ltd ("Newco"), a wholly owned subsidiary of E36 formed for the purpose of completing the acquisition of Kalo. Per the terms of the Amalgamation Agreement, E36 will acquire all outstanding shares of Kalo by way of a three-cornered amalgamation, whereby Kalo will amalgamate with Newco, and the resulting amalgamated entity will be a wholly owned subsidiary of E36.