



KALO GOLD HOLDINGS CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS AND SIX ENDED FEBRUARY 28, 2021**

(EXPRESSED IN CANADIAN DOLLARS)

GENERAL

This Management's Discussion and Analysis ("MD&A") of Kalo Gold Holdings Corp. ("Kalo" or the "Company") is prepared as of August 31, 2020, provides analysis of the Company's financial results for the three and six months ended February 28, 2021 compared to the three and six months ended February 29, 2020.

The following information should be read in conjunction with the Company's February 28, 2021 condensed interim consolidated financial statements with accompanying notes and with the Company's audited consolidated financial statements with accompanying notes and related MD&A for the fiscal year ended August 31, 2020, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures are expressed in Canadian dollars unless otherwise stated.

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

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

COMPANY OVERVIEW

Kalo Gold 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” (formerly “ETSC”).

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 corporate 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 (see Note 6 of the interim financial statements), and is the operator of all related mineral exploration activities.

GOING CONCERN

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

During the six months ended February 28, 2021, the Company incurred an operating loss of \$2,741,282 and as at February 28, 2021, the Company had a deficit of \$9,751,117. While the Company had working capital of \$2,700,471 as at February 28, 2021, the Company expects to incur further operating losses for the foreseeable future in the development of its business and expects that it will require additional financing.

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

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

MINERAL PROPERTY

	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, Special Prospecting Licences 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.

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Exploration and Evaluation Expenditures

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

	Consulting	Drilling	Field	Exploration support and administration	Sampling and assaying	Travel and accommodations	Total
2010	75,071	387,009	175,821	-	-	-	637,901
2011	124,852	335,565	163,594	9,378	79,107	-	712,496
2012	180,496	143,888	130,187	12,029	61,404	22,371	550,375
2013	133,080	122,377	119,129	11,944	43,792	3,843	434,165
2014	113,470	-	76,368	44,152	27,175	2,319	263,484
2015	47,944	48,461	71,984	1,434	5,794	-	175,617
2016	-	10,678	62,924	4,564	1,351	3,370	82,877
2017	3,836	13,260	104,511	39,253	-	8,533	169,393
2018	619	3,257	104,790	11,821	1,508	14,345	136,340
2019	-	-	58,843	86	151	7,879	66,959
2020	20,224	-	155,650	23,888	15,844	12,876	227,982
2021	115,509	-	201,474	8,475	1,425	1,985	328,868
	815,101	1,064,495	1,425,275	166,524	237,551	77,521	3,786,467

Exploration and evaluation expenditures incurred for the three and six months February 28, 2021 and 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

SELECTED FINANCIAL INFORMATION

Balance Sheet:	February 28, 2021	Year Ended August 31, 2020
	Total assets	3,459,540
Current assets	3,393,783	257,751
Current liabilities	693,312	333,705
Operations:	Six Months Ended February 28, 2021	Six Months Ended February 28, 2020
Net loss	3,393,393	125,363
Net comprehensive loss	3,373,719	118,779
Basic and diluted loss per share	(0.12)	(1,254)

SUMMARY OF QUARTERLY RESULTS

Key financial information for the three months ended February 28, 2021, as well as, the quarters spanning the most recently preceding fiscal years is summarized as follows, reported in Canadian dollars:

	F2020-Q3 May 31, 2020 (\$)	F2020-Q4 August 31, 2020 (\$)	F2021-Q1 November 30, 2020 (\$)	F2021-Q2 February 28, 2021 (\$)
Total operating expenses	(70,868)	(287,637)	(624,273)	(2,741,282)
Net loss	(70,868)	(286,933)	(624,273)	(2,750,046)
Loss per share	(709)	(0.09)	(0.02)	(0.10)

	F2019-Q3 May 31, 2019 (\$)	F2019-Q4 August 31, 2019 (\$)	F2020-Q1 November 30, 2019 (\$)	F2020-Q2 February 29, 2020 (\$)
Total operating expenses	(38,398)	(70,939)	(78,947)	(46,319)
Net loss	(38,398)	(69,816)	(78,947)	(46,319)
Loss per share	(384)	(698)	(789)	(463)

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED FEBRUARY 28, 2021

Operating expenses for the three months ended February 28, 2021 were \$2,741,282, compared to \$46,416 incurred the same period in the prior year. The significant differences in expenditures were as follows:

- Exploration and evaluation expenditures were \$211,113 during the three months ended February 28, 2021, comprised of consulting expenses of \$86,111, exploration support and administration \$599, field operations \$121,566, sampling and geological costs of \$852, and travel of \$1,985. Exploration and evaluation expenditures were \$24,332 during the three months ended February 29, 2020, inclusive of exploration support and administration of \$1,797, field operations of \$21,914 and sampling and geological costs of \$611. The increase in exploration and evaluation expenditures was primarily costs related to the resumption of the exploration program beginning late November 2020. Costs in the same period in the prior year are primarily related in the maintenance of the exploration site.
- Consulting expenses were \$152,491 during the three months ended February 28, 2021, compared to \$2,515 incurred during the same period in the prior year. Increases in consulting expenses are due to the additional consultants and management hired for the company in addition to consulting costs related to the reverse takeover of Kalo Gold Holdings Corp.
- General and administrative expenses were \$30,066 during the three months ended February 28, 2021, compared to \$6,771 incurred during the same period in the prior year. The increase of general and administrative fees is primarily attributed to the increase of transfer agent and filing fees, which are new to the Company.
- Legal and professional expenses were \$409,121 during the three months ended February 28, 2021, compared to \$12,522 incurred during the same period in the prior year. The increase in legal and professional fees is primarily due to costs related to the reverse takeover of Kalo Gold Holdings Corp.
- A non-recurring listing expense of \$1,270,444 was as part of the reverse takeover of Kalo Gold Holdings Corp.
- Share based payments of \$642,151 were made in a the three months ended February 28, 2021 compared to the same period in the prior year
- Travel expenses were \$3,739 during the three months ended February 28, 2021, compared to \$nil during the same period in the prior year. The increase of travel expenses is due to the travel expenses of staff to Fiji during the period and additional travel costs required for COVID-19 compliance.

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As a result of the foregoing, the Company recorded a comprehensive loss for the three months ended February 28, 2021 of \$2,724,673, as compared to a comprehensive loss of \$38,806 during the same period in the prior year.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED FEBRUARY 28, 2021

Operating expenses for the six months ended February 28, 2021 were \$3,384,629, compared to \$125,363 incurred the same period in the prior year. The significant differences in expenditures were as follows:

- Exploration and evaluation expenditures were \$328,868 during the six months ended February 28, 2021, comprised of consulting expenses of \$115,509, exploration support and administration \$8,475, field operations \$201,474, sampling and geological costs of \$1,425, and travel of \$1,985. Exploration and evaluation expenditures were \$78,225 during the six months ended February 29, 2020, inclusive of exploration support and administration of \$5,780, field operations of \$70,480 and sampling and geological costs of \$1,965. The increase in exploration and evaluation expenditures was primarily costs related to the resumption of the exploration program beginning late November 2020. Costs in the same period in the prior year are primarily related in the maintenance of the exploration site.
- Consulting expenses were \$235,848 during the six months ended February 28, 2021, compared to \$7,766 incurred during the same period in the prior year. Increases in consulting expenses are due to the additional consultants and management hired for the company in addition to consulting costs related to the reverse takeover of Kalo Gold Holdings Corp.
- General and administrative expenses were \$52,677 during the six months ended February 28, 2021, compared to \$14,501 incurred during the same period in the prior year. The increase of general and administrative fees is primarily attributed to the increase of transfer agent and filing fees, which are new to the Company.
- Legal and professional expenses were \$492,336 during the six months ended February 28, 2021, compared to \$21,884 incurred during the same period in the prior year. The increase in legal and professional fees is primarily due to costs related to the reverse takeover of Kalo Gold Holdings Corp.
- A non-recurring listing expense of \$1,270,444 was as part of the reverse takeover of Kalo Gold Holdings Corp.
- Share based payments were \$960,651 during the six months ended February 28, 2021, compared to \$nil for the same period in the prior year. \$318,500 of the share based payments charged for the six months ended February 28, 2021 is the result of the fair value difference between the issue price of the shares issuance on September 10, 2020 of \$0.001 per share and September 11, 2020 of \$0.05 per share. The fair value of the shares issued on September 10, 2020 is deemed to be \$0.05, and the difference between the proceeds received and the fair value of the shares was recorded as a share based payment. \$642,150 was recorded as a share based payment for the \$3,620,000 stock options issued on February 24, 2021.
- Travel expenses were \$25,496 during the six months ended February 28, 2021, compared to \$2,416 during the same period in the prior year. The increase of travel expenses is due to the travel expenses of staff to Fiji during the period and additional travel costs required for COVID-19 compliance.

As a result of the foregoing, the Company recorded a comprehensive loss for the six months ended February 28, 2021 of \$3,373,719, as compared to a comprehensive loss of \$118,779 during the same period in the prior year.

LIQUIDITY AND CAPITAL RESOURCES

SHARE DATA

As at the date of this MD&A, the Company has 53,758,076 common shares issued and outstanding. [Stock options?]

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.

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- On February 25, 2021, the Company issued 6,178,575 common shares in connection with the reverse takeover of Kalo Gold Holdings Corp. 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.

Stock Options

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

Exercise Price	Options Outstanding			Options Exercisable	
	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
\$0.20	3,620,000	9.99	\$0.20	3,620,000	\$0.20
\$0.10	600,000	9.01	\$0.10	600,000	\$0.10
\$0.20	650,000	10.00	\$0.20	650,000	\$0.20
\$0.34	120,000	10.00	\$0.34	120,000	\$0.10
	4,990,000	9.88	\$0.19	4,990,000	\$0.19

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.

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.

On March 1, 2021, the Company issued 650,000 stock options expiring March 1, 2031 with an exercise price of \$0.20.

On March 4, 2021, the Company issued 120,000 stock options expiring March 4, 2031 with an exercise price of \$0.34.

Warrants

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

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

CAPITAL RESOURCES

The Company defines capital as consisting of shareholder's equity and cash. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As at February 28, 2021, the Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the six months ended February 28, 2021.

LIQUIDITY

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

At February 28, 2021 the Company had cash of \$2,893,603 and working capital of \$2,700,471. At August 31, 2020, the Company had cash of \$257,751 and working capital deficit of \$75,954.

Cash used in operating activities was \$404,908 during the six months ended February 28, 2021 compared to \$150,560 used in operating activities during the prior period.

Cash flows from investing activities was a \$2,899,924 for the six months ended February 28, 2021 and cash flows used in investing activities \$2,753 for the six months ended February 29, 2020. Cash flows from investing activities consists primarily of cash received from the reverse acquisition of Kalo Gold Holdings Corp.

Cash flows from financing activities was \$119,716 during the six months ended February 28, 2021 and \$125,733 during same period in the prior year. Cash flow from financing consists from proceeds from the issuance of common shares during the six months ended February 28, 2021 and from capital contributions from shareholders in the same period from the prior period.

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

OUTLOOK

The Company plans to conduct further exploration on the Vatu Aurum Gold Project. Further exploration and corporate costs are expected to be funded through future equity financing.

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 Personnel Compensation

During the three 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
	\$ 31,494	\$ 2,515	\$ 62,711	\$ 7,766

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

Due to/from Related Parties

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).

Due to Shareholder

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

As at February 28, 2021, \$327,238 (August 31, 2020, \$190,784) is owned 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.

OFF BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

The hierarchy is as follows:

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

The fair value of cash approximates their carrying value due to the short-term maturity. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

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

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

Financial Risk Factors

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

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations with cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company is exposed to liquidity risk.

Interest rate risk

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

Foreign Currency Risk

Foreign Currency Risk is the risk on fluctuation of currency related to monetary items with a settlement currency other than Canadian dollars. The functional currency of Kalo is Canadian Dollars, its subsidiaries located in the BVI is US Dollar and the functional currency of the subsidiary in Fiji is Fijian dollars. The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, prepayments, and accrued liabilities that are denominated in Fijian dollars. The Company has not used derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

BUSINESS RISKS AND UNCERTAINTIES

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

CONTRACTUAL OBLIGATIONS

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's 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 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 relate to the recoverability and measurement of deferred tax assets and liabilities, the ability to continue as a going concern and the capitalization of development costs. Actual results may differ from those estimates and judgments. Areas requiring a significant degree of estimation include allowances for doubtful accounts.

Areas requiring a significant degree of judgement 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.

- *Exploration and Evaluation Assets*

The net carrying value of each mineral property is reviewed regularly for conditions that suggest potential indications impairment. This review requires significant judgment. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the property's value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the property's acquisition, development or cost of holding; and whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future.

- *Valuation of Share-Based Payments*

The Corporation uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including the share price, expected share price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Corporation's net loss and equity reserves.

- *Functional Currency*

The functional currency for the Corporation's subsidiaries is the •, the currency of the primary economic environment in which the entity operates. 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.

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are summarized in Note 5 to the audited consolidated financial statements for the year ended August 31, 2020.

COVID-19 PANDEMIC

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. To date, there has been no material impact on the Company's operations and consolidated financial statements from the COVID-19 pandemic.