



KALO GOLD CORP.

(An Exploration Stage Company)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2023 AND 2022**

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

KALO GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT FEBRUARY 28, 2023 AND AUGUST 31, 2022
(expressed in Canadian Dollars)

	FEBRUARY 28, 2023	AUGUST 31, 2022
ASSETS		
Current assets		
Cash	\$ 1,529,808	\$ 70,608
Prepaid expenses	13,430	121,348
Sales taxes receivable	54,405	68,539
	1,597,643	260,495
Non-current assets		
Exploration and evaluation assets (Note 7)	218,504	1,304
Equipment (Note 8)	120,468	139,645
Deposits (Note 6)	50,308	46,813
Restricted cash	6,889	6,430
Total assets	\$ 1,993,812	\$ 454,687
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 571,372	\$ 711,989
Subscriptions payable	-	38,215
Flow-through liability (Note 11)	4,275	-
Total liabilities	575,647	750,204
Shareholders' equity (deficiency)		
Share capital (Note 11)	10,215,360	7,394,195
Contributed surplus	6,175,469	6,175,469
Reserves (Note 11)	1,919,348	1,137,211
Accumulated other comprehensive loss	(64,228)	(48,852)
Deficit	(16,827,784)	(14,953,540)
Total shareholders' equity (deficiency)	1,418,165	(295,517)
Total liabilities and shareholders' equity (deficiency)	\$ 1,993,812	\$ 454,687

Continuance of Operations and Going Concern (Note 2)
Subsequent Events (Note 16)

Approved and authorized for issue on behalf of the Board of Directors on April 28, 2023.

/s/ Kevin Ma
Kevin Ma, Director

/s/ David Whittle
David Whittle, Director

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

KALO GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2023 AND 2022
(expressed in Canadian Dollars)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	FEBRUARY 28, 2023	FEBRUARY 28, 2022	FEBRUARY 28, 2023	FEBRUARY 28, 2022
Operating expenses				
Consulting and management fees (Note 14)	\$ 347,071	\$ 236,343	528,558	354,700
Depreciation and amortization (Note 8)	10,306	2,333	19,177	6,395
Exploration and evaluation (Note 12)	129,544	321,571	276,566	481,884
Foreign exchange loss	2,147	18,454	(309)	14,159
General and administrative expenses	33,409	51,068	50,913	69,128
Investor relations and marketing	46,250	252,540	137,745	378,744
Legal and professional fees	81,771	60,318	99,062	131,473
Share based compensation (Note 11)	356,942	88,159	437,833	136,468
Travel	166	7,732	5,392	11,359
	(1,007,606)	(1,038,518)	(1,554,937)	(1,584,310)
Other income				
Interest	5,850	573	6,409	671
Recovery of flow-through premium	(403)	-	26,325	-
GST recovery	-	-	56,228	-
Loss on debt settlement	(408,269)	-	(408,269)	-
Net loss	(1,410,428)	(1,037,945)	(1,874,244)	(1,583,639)
Other comprehensive income				
Items that may be reclassified subsequently to net loss				
Foreign exchange loss on translation of foreign operations	(21,815)	1,576	(15,376)	556
Net comprehensive loss for the period	\$ (1,432,243)	\$ (1,036,369)	(1,889,620)	(1,583,083)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	(0.02)	(0.03)
Weighted average number of shares outstanding (basic and diluted)	100,664,250	62,510,980	86,836,089	55,916,326

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

KALO GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2023 AND 2022

(expressed in Canadian Dollars)

	FEBRUARY 28, 2023	FEBRUARY 28, 2022
Cash flows from operating activities		
Net loss for the period	\$ (1,874,244)	\$ (1,583,639)
Adjustments to net loss		
Depreciation and amortization	19,177	6,395
Share based compensation	437,833	136,468
Recovery of flow-through premium	(26,325)	-
GST recovery	(56,228)	-
Loss on debt settlement	396,434	-
Interest expense	1,351	-
Changes in non-cash working capital		
Accounts payable and accrued liabilities	362,165	255,736
Prepaid expenses, deposits and other assets	178,280	(315,908)
Cash flows used in operating activities	(561,648)	(1,500,948)
Cash flows from investing activities		
Purchase of equipment	-	(7,808)
Cash flows used in investing activities	-	(7,808)
Cash flows from financing activities		
Proceeds from issuance of common shares net of issue costs	2,041,528	1,866,764
Proceeds from warrant exercise	-	17,643
Proceeds from loan	20,654	-
Repayment of loan liabilities	(20,615)	-
Cash flows from financing activities	2,041,567	1,884,407
Effect of foreign exchange on cash	(20,719)	1,700
Change in cash during the period	28,277	377,351
Cash – beginning	70,608	420,988
Cash – ending	\$ 1,529,808	\$ 798,339

Supplemental cash flow information

On January 11, 2023, the Company issued 1,900,000 stock options with a fair value of \$172,204 as payment for advisory services of \$140,857 (Note 11 (c)).

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

KALO GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2023 AND 2022

(expressed in Canadian Dollars)

	<u>Share capital</u>						
	Number of shares	Amount	Contributed Surplus	Reserves	Accumulated other comprehensive loss	Deficit	Total
Balance – August 31, 2021	53,758,076	\$ 5,613,100	\$ 6,175,469	\$ 979,241	\$ (34,849)	\$ (12,231,897)	\$ 501,064
Net loss for the period	-	-	-	-	-	(545,695)	(545,695)
Foreign exchange loss on translation of foreign operations	-	-	-	-	(1,020)	-	(1,020)
Shares issued for cash	9,793,929	2,056,725	-	-	-	-	2,056,725
Share issuance costs		(189,961)	-	-	-	-	(189,961)
Shares issued on exercise of warrants	176,425	32,639	-	-	-	-	32,639
Share based payment	-	-	-	136,468	-	-	136,468
Balance –February 28, 2022	63,728,929	7,512,502	\$ 6,175,469	\$ 1,100,713	\$ (34,293)	\$ (13,815,536)	\$ 938,855
Balance – August 31, 2022	63,728,430	\$ 7,394,195	\$ 6,175,469	\$ 1,137,211	\$ (48,852)	\$ (14,953,540)	\$ (295,517)
Net loss for the period	-	-	-	-	-	(1,874,244)	(1,874,244)
Foreign exchange loss on translation of foreign operations	-	-	-	-	(15,376)	-	(15,376)
Shares issued for cash	42,040,000	2,132,600	-	-	-	-	2,132,600
Shares issued in acquisition of 1271895 B.C. Ltd	7,496,250	217,200	-	-	-	-	217,200
Shares issued for the settlement of debt	5,384,611	726,922	-	-	-	-	726,922
Share issuance costs		(255,557)	-	172,100	-	-	(83,457)
Stock options issued for services		-	-	172,204	-	-	172,204
Share based compensation	-	-	-	437,833	-	-	437,833
Balance –February 28, 2023	118,649,291	\$10,215,360	\$ 6,175,469	\$ 1,919,348	\$ (64,228)	\$ (16,827,784)	\$ 1,418,165

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

1. Nature of Business

Kalo Gold Corp. ("Kalo" or the "Company"), was incorporated under the Business Corporation Act (British Columbia) on March 6, 2019. On February 25, 2021, the Company changed its name from E36 Capital Corp. to Kalo Gold Holdings Corp. On August 16, 2021, the Company changed its name from Kalo Gold Holdings Corp. to Kalo Gold Corp. The Company's common shares are listed on the TSX Venture Exchange under the symbol "KALO". Kalo is a mineral exploration company focused on the Vatu Aurum Gold Project, Republic of Fiji.

The registered office of the Company is located at Suite 1500 - 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7, Canada. The head office of the Company is located at Suite 1430 - 800 West Pender Street, Vancouver, British Columbia V6C 2V6, Canada.

Reverse Takeover

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

2. Continuance of Operations and Going Concern

These 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, 2023, the Company had not advanced its exploration and evaluation assets to commercial production, is not able to finance its day-to-day activities through operations, had an accumulated deficit of \$16,827,784 and insufficient financial resources to achieve profitable operations or become cash flow positive, and the management of the Company cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive or raise additional debt and/or equity capital to finance that objective. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations.

The 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.

3. 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, 2022.

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 4 have been applied consistently by the Corporation during the periods presented.

The Company's financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value, and are presented in Canadian Dollars except where otherwise indicated.

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – Inputs for the asset or liability that are unobservable

The financial statements were approved and authorized for issuance by the Board of Directors on April 28, 2023.

4. 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, 2022. 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, 2022 except for as follows:

Basis of Consolidation

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

Company	Place of Incorporation	Ownership
Kalo Gold Corp.	Canada	Parent
Kalo Gold Canada Inc.	Canada	100%
Aloki Mining Limited	British Virgin Islands	100%
Tego Mining Limited	British Virgin Islands	100%
Kalo Exploration Pte Limited	Fiji	100%
1271985 B.C. Ltd	Canada	100%

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

4. Significant Accounting Policies (continued)

Share-Based Compensation

The Company may grant stock options and equity-settled share units to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured at the date of grant using the Black-Scholes option pricing model with an expense recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based compensation is transferred to deficit.

The fair value of equity-settled share units is measured on the date of grant with an expense recognized over the vesting period. When vested share units are forfeited the amount previously recognized in share-based compensation is transferred to deficit.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, Share based compensation is measured at the fair value of goods or services received.

5. Acquisition of 1271895 B.C. Ltd.

On September 1, 2022, Kalo and 1271895 B.C. Ltd. completed a share exchange agreement, whereby Kalo acquired 100% of the issued and outstanding shares of 1271895 B.C. Ltd. by issuing to former shareholders of 1271895 B.C. Ltd., 7,496,250 common shares of the Company (the "Acquisition"). The 7,496,250 common shares ("AxelGold Shares") are held in Escrow for one year.

Due to the one-year trading restrictions of the AxelGold Shares, the consideration was valued using the Black Scholes option pricing model assuming a risk-free interest rate of 3.98% per annum, an expected life of 1 year, an expected volatility of 73% and no expected dividends. The fair value of the AxelGold Shares was determined to be \$217,200.

For accounting purposes, the Acquisition is considered to be an acquisition outside the scope of IFRS 3 Business Combinations since 1271895 B.C. Ltd., prior to the Acquisition, did not constitute a business. The Acquisition is accounted for in accordance with IFRS 2 Share based compensation whereby Kalo is deemed to have issued shares to acquire the net assets of 1271895 B.C. Ltd.

The allocation of the consideration transferred is summarized as follows:

Purchase Price	
7,496,250 common shares of Kalo	\$ 217,200
Total Purchase Price	\$ 217,200
Allocation of Purchase Price	
Mineral property	\$ 217,200
	\$ 217,200

KALO GOLD CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2023 AND 2022
(expressed in Canadian Dollars)

6. Deposits

	February 28, 2023	August 31, 2022
Deposits	\$ 50,308	\$ 46,813

As at February 28, 2023, the Company held a term deposit of the amount in \$82,500 FJD (August 31, 2022 - \$82,500 FJD) for an environmental bond with the Mineral Resource Department of Fiji for the Vatu Aurum Gold Project. An amount is required to either be held as a deposit or paid directly to the Mineral Resource Department of Fiji for the environmental bond in accordance with the budgeted exploration expenses.

7. Exploration and Evaluation Assets

	February 28, 2023	August 31, 2022
Vatu Aurum Gold Project, Republic of Fiji	\$ 1,304	\$ 1,304
AxelGold Alkalic Gold Project, Canada	217,200	-
	\$ 218,504	\$ 1,304

Kalo Exploration Pte Limited, a wholly owned subsidiary of the Company, owns 100% of the Vatu Aurum Gold Project ("Vatu Aurum"). Vatu Aurum consists of Special Prospecting Licences (SPL) 1464 and 1511 and is located on Vanua Levu (North Island), Republic of Fiji.

1271985 B.C. Ltd, a wholly owned subsidiary of the Company, owns 100% of the AxelGold Alkalic Gold Project ("AxelGold") located in northern British Columbia. AxelGold consists of 15 mineral claims and is subject to a 2% Net Smelter Returns Royalty ("NSR"). Up to 1% of the NSR can be repurchased by the Company at any time for \$1,000,000.

8. Equipment

	Office	Vehicles	Field Equipment	Total
As at August 31, 2021	\$ 18,426	\$ 99,375	\$ 31,686	\$ 149,487
Additions	1,436	-	6,372	7,808
Foreign exchange	-	(1,388)	(443)	(1,831)
As at February 28, 2022	\$ 19,862	\$ 97,987	\$ 37,615	\$ 155,464
As at August 31 and February 28, 2023	\$ 26,305	\$ 68,910	\$ 135,584	\$ 230,799
Accumulated depreciation				
As at August 31, 2021	\$ (10,485)	\$ (62,497)	\$ (22,068)	\$ (95,050)
Depreciation	(620)	(2,368)	(2,191)	(6,395)
Foreign exchange	-	1,015	358	1,373
As at February 28, 2022	\$ (11,105)	\$ (63,850)	\$ (25,117)	\$ (100,072)
As at August 31, 2022	(12,590)	(40,321)	(38,243)	(91,154)
Depreciation	(2,805)	(4,319)	(12,053)	(19,177)
As at February 28, 2023	\$ (15,395)	\$ (44,640)	\$ (50,296)	\$ (110,331)

KALO GOLD CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2023 AND 2022
(expressed in Canadian Dollars)

8. Equipment (Continued)

		Office		Vehicles		Field Equipment		Total
Net book value								
As at August 31, 2022	\$	13,715	\$	28,589	\$	97,341	\$	139,645
As February 28, 2023	\$	10,910	\$	24,270	\$	85,288	\$	120,468

9. Accounts Payable and Accrued Liabilities

	February 28, 2023	August 31, 2022
Accounts payable	\$ 482,443	\$ 425,321
Accrued liabilities	88,929	286,668
	\$ 571,372	\$ 711,989

As at February 28, 2023, included in accounts payable are amounts totalling \$185,210 (August 31, 2022 - \$242,099) due to related parties (Note 14).

10. Loan liabilities

On October 17, 2022, the Company obtained a loan of US \$15,000 (CAD \$20,654) with an interest rate of 6% per annum. The loan was repayable on demand of the creditor. During the six months ended February 28, 2023, the Company accrued \$1,351 in interest. The Company fully repaid the loan and interest on January 30, 2023 and no balance remains as at February 28, 2023.

11. Share Capital

(a) Authorized Share Capital

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

(b) Issued Share Capital

During the six months ended February 28, 2023, the Company issued common shares as follows:

- On December 29, 2022, the Company issued 12,500,000 common shares for gross proceeds of \$625,000 in the first tranche of the non-brokered private placement.
- On January 11, 2023, the Company issued 27,500,000 common shares for gross proceeds of \$1,375,000 in the second tranche of the non-brokered private placement. In addition, the Company issued 5,384,611 common shares for gross proceeds of \$350,000 in a second non-brokered private placement offering.
- In connection with the private placements closed on December 29, 2022 and January 11, 2023, the Company paid finders' fees of \$82,600 and issued 1,652,000 finders warrants, exercisable at a price of \$0.05 per warrant. Each warrant expires 24 months from the date of issuance. The Company has recorded a fair value of \$172,100 for the warrants as share issuance costs (Note 12(d)).

11. Share Capital (Continued)

(b) Issued Share Capital (Continued)

- On September 1, 2022, the Company issued 2,040,000 flow-through shares at a price of \$0.08 per share for gross proceeds of \$163,200. The amount of flow-through share liability associated with the flow-through shares was determined to be \$30,600 based on the difference between the fair value price per share of the flow-through shares and the market price at the time of closing of the financing. The remaining proceeds of \$132,600 are allocated to share capital. In connection with the offering, the Company incurred share issuance costs of \$856 in fees paid in cash. As at February 28, 2023, the Company has spent \$140,402 of the required flow-through spending of \$163,200. The total remaining flow-through spending balance is \$22,798.
- On September 1, 2022, the Company issued 7,496,250 common shares in connection to the acquisition of 1271895 B.C. Ltd. (Note 6).

During the year ended August 31, 2022, the Company issued common shares as follows:

- On December 10, 2021, the Company issued 9,793,929 common shares for proceeds of \$2,056,725. In connection with the offering, the Company incurred share issuance costs of \$257,744 in fees paid in cash and a further \$56,700 for the fair value of the 492,936 finders warrants (Note 12 (d)).
- During the period ended May 31, 2022, the Company issued 176,425 common shares from the exercise of warrants for gross proceeds of \$17,643.

(c) Stock Options

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

The changes in incentive share options outstanding are summarized as follow:

	Weighted average exercise price	Number of shares issued or issuable on exercise
Balance – August 31, 2021 and February 28, 2022	\$0.20	5,890,000
Balance – August 31, 2022	\$0.20	5,890,000
Stock options granted	0.09	5,975,000
Stock options cancelled	0.16	(795,000)
Balance – February 28, 2023	\$0.14	11,070,000

On October 14, 2022, the Company issued 1,400,000 stock options expiring October 14, 2027 with an exercise price of \$0.05. 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 3.98% per annum, an expected life of option of 5 years, an expected volatility of 110% and no expected dividends. The fair value of the options of \$62,600 has been recorded as share based payment expense. These stock options vest immediately upon grant.

11. Share Capital (Continued)

(c) Stock Options (Continued)

On January 11, 2023, the Company issued 4,575,000 stock options expiring January 11, 2028 with an exercise price of \$0.10. 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 4.37% per annum, an expected life of option of 5 years, an expected volatility of 70.76% and no expected dividends. The fair value of the options is determined to be \$414,600.

Stock options outstanding and exercisable are summarized as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
\$0.34	120,000	8.26	\$0.34	120,000	\$0.34
\$0.26	900,000	3.65	\$0.26	900,000	\$0.26
\$0.20	3,770,000	8.24	\$0.20	3,770,000	\$0.20
\$0.10	4,950,000	5.29	\$0.10	4,950,000	\$0.10
\$0.05	1,330,000	4.87	\$0.05	1,330,000	\$0.05
	11,070,000	6.15	\$0.14	11,070,000	\$0.14

(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, 2021	\$0.10	176,425
Warrant expiry	\$0.10	(176,425)
Balance – February 28, 2022	-	-
Balance - August 31, 2022	\$0.25	492,936
Warrants issued	\$0.05	1,652,000
Balance - February 28, 2023	\$0.10	2,144,936

11. Share Capital (Continued)

(d) Warrants (Continued)

The expiry of warrants are as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
December 10, 2021	December 10, 2023	492,936	\$0.25
January 11, 2023	January 11, 2025	1,652,000	\$0.05
		2,144,936	\$0.10

On January 11, 2023, 1,652,000 warrants (see Note 11(b)) expiring two years from the issuance have been valued using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 4.51% per annum, an expected life of warrants of 2 years, an expected volatility of 78% and no expected dividends. The fair value of the warrants was determined to be \$172,100 and has been recorded as a share issuance cost in equity.

On December 10, 2021, 492,936 warrants expiring two years from the issuance have been valued using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 0.75% per annum, an expected life of warrants of 2 years, an expected volatility of 114% and no expected dividends. The fair value of the warrants was determined to be \$56,700 and has been recorded as a share issuance cost in equity.

(e) Escrow

Pursuant to the RTO transaction on February 25, 2021, 20,825,000 common shares of the Company were held in escrow.

Pursuant to the Acquisition on September 1, 2022 (see Note 5), 7,496,250 common shares of the Company were held in escrow.

As at February 28, 2023, 13,743,750 common shares remain in escrow.

(f) Restricted Share Units

On October 14, 2022, the Company issued 3,000,000 Restricted Share Units ("RSU") to the CEO of the Company. 2,000,000 RSUs vest in 12 months from the date of grant, 500,000 RSUs vest in 18 months from the date of grant, and the remaining 500,000 RSUs vest 12 months from the date of grant. The 3,000,000 RSUs are valued at the date of grant at \$165,000, of which, \$53,316 has been recorded as a share-based payment during the six months ended February 28, 2023.

(g) Deferred Share Units

On January 11, 2023, the Company issued 5,000,000 Deferred Share Units ("DSU"). The DSUs vest 12 months from the date of grant. The 5,000,000 are valued at the date of grant at \$675,000, of which \$79,521 has been recorded as a share-based payment during the six months ended February 28, 2023.

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FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2023 AND 2022
(expressed in Canadian Dollars)

12. Exploration and Evaluation Expenses

Exploration and evaluation expenses for the six months ended February 28, 2023 are as follows:

	AxelGold Project, Canada	Vatu Aurum Gold Project, Fiji	Total
Assay	\$ 4,326	\$ 71	\$ 4,397
Camp	5,000	822	5,822
Drilling	-	16,958	16,958
Geology	5,258	27,136	32,394
Geophysics	104,762	8,191	112,953
Operating	19,556	55,923	75,479
Overhead	1,500	27,063	28,563
	\$ 140,402	\$ 136,164	\$ 276,566

Exploration and evaluation expenses for the six months ended February 28, 2022 are as follows:

	AxelGold Project, Canada	Vatu Aurum Gold Project, Fiji	Total
Assay	\$ -	\$ 60,133	\$ 60,133
Camp	-	19,868	19,868
Drilling	-	197,435	197,435
Geology	-	40,830	40,830
Geophysics	-	11,063	11,063
Operating	-	148,765	148,765
Overhead	-	3,790	3,790
	\$ -	\$ 481,884	\$ 481,884

13. Financial Instruments

Financial Assets and Liabilities

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

13. Financial Instruments (Continued)

Financial Instrument Risk Exposure

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

Concentration of Credit Risk

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

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

The Company coordinates this planning and budgeting process with its financing activities through the capital management process.

As at February 28, 2023, the Company has a cash balance of \$1,529,808 (August 30, 2022 - \$70,608) to settle current liabilities of \$575,647 (August 30, 2022 - \$750,204). 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 February 28, 2023 and August 31, 2022 to interest rate risk through its other financial instruments.

Currency Risk

Currency risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. The Company is exposed to foreign currency risk on fluctuations related to cash, deposits and other current assets, and accounts payable and accrued liabilities that are denominated in Fijian Dollars. The Company has not used derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations. Net assets exposed to foreign currency risk in FJD is \$138,938 (\$84,475 CAD). A 5% change in the CAD-FJD foreign exchange rate would affect comprehensive loss by approximately \$4,224 (August 31, 2022 - \$6,990).

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14. Related Party Transactions

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

(a) Key Management Personnel Compensation

During the three months ended February 28, 2023 and 2021, the Company paid and/or accrued the following fees to key management personnel:

	Three months ended		Six months ended	
	February 28, 2023	February 28, 2022	February 28, 2023	February 28, 2022
Consulting Fees				
Management Director	\$ 197,194	\$ 103,667	\$ 369,668	\$ 204,061
	-	-	-	2,253
	197,194	103,667	369,668	206,314
Share based compensation				
Management Director	\$ 57,729	\$ -	\$ 286,313	\$ -
	6,260	-	43,913	-
	\$ 236,483	\$ -	\$ 330,226	\$ -

(b) Due to/from Related Party

As at February 28, 2023, the Company has accounts payable of \$185,210 (August 31, 2022 – \$242,099) due to management and directors of the Company.

15. Segmented Information

The breakdown of assets and liabilities by geographic area as at February 28, 2023 is as follows

	Canada		Fiji		BVI		Consolidated
Assets	\$	1,793,770	\$	199,844	\$	198	\$ 1,993,812
Liabilities	\$	559,138	\$	6,043	\$	10,466	\$ 575,647

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

	Canada		Fiji		BVI		Consolidated
Assets	\$	239,448	\$	212,538	\$	2,701	\$ 454,687
Liabilities	\$	725,574	\$	8,717	\$	15,913	\$ 750,204

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15. Segmented Information (Continued)

The breakdown of operating expenses by geographical area for the six months ended February 28, 2023 and 2022 are as follows:

	February 28, 2023	February 28, 2022
Operating expenses for the period:		
Canada	\$ 1,411,073	\$ 1,018,507
Fiji	130,457	539,810
BVI	13,407	25,993
Consolidated	\$ 1,554,937	\$ 1,584,310

16. Subsequent Events

Subsequent to the six months ended February 28, 2023, the Company issued 596,260 common shares for the settlement of debt of \$71,551.