
KELLY VENTURES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the Nine Months Ended September 30, 2024 and 2023

(Unaudited – prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3(a)), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, B.C.
November 7, 2024

KELLY VENTURES LTD.

UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars – prepared by Management)

AS AT SEPTEMBER 30, 2024 and DECEMBER 31, 2023

	September 30, 2024	December 31, 2023
ASSETS		
Current Assets		
Cash	\$ 18,445	\$ 44,967
TOTAL ASSETS	\$ 18,445	\$ 44,967
LIABILITIES and EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 11,874	\$ 12,376
TOTAL LIABILITIES	11,874	12,376
EQUITY		
Share capital (Note 4)	267,998	267,998
Deficit	(261,427)	(235,407)
TOTAL EQUITY	6,571	32,591
TOTAL LIABILITIES and EQUITY	\$ 18,445	\$ 44,967

Nature and continuance of operations (Note 1)

Approved by the Board on November 7, 2024 and signed on behalf of the Board:

"Jonathan Younie" Director "Paul Larkin" Director

The accompanying notes are an integral part of these financial statements.

KELLY VENTURES LTD.

UNAUDITED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(Expressed in Canadian Dollars – prepared by Management)

	Number of Shares	Share Capital	Deficit	Total Equity
Balance, December 31, 2022	4,191,150	\$ 267,998	\$ (184,937)	\$ 83,061
Net loss for the period	-	-	(36,816)	(36,816)
Balance, September 30, 2023	4,191,150	267,998	(221,753)	46,245
Balance, December 31, 2023	4,191,150	\$ 267,998	\$ (235,407)	\$ 32,591
Net loss for the period	-	-	(26,020)	(26,020)
Balance, September 30, 2024	4,191,150	\$ 267,998	\$ (261,427)	\$ 6,571

The accompanying notes are an integral part of these financial statements.

KELLY VENTURES LTD.**UNAUDITED CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars – prepared by Management)

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2024	2023	2024	2023
EXPENSES				
Administration (Note 5)	\$ 1,575	\$ 1,575	\$ 4,725	\$ 4,725
Listing and filing fees	917	4,684	11,579	15,057
Office and miscellaneous	18	18	54	152
Professional fees (Note 5)	3,361	3,150	9,662	16,882
Net Loss and Comprehensive Loss for the Period	\$ 5,871	\$ 9,427	\$ 26,020	\$ 36,816
Basic and Diluted Loss Per Share	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.02
Weighted Average Number Of Shares Outstanding, Basic and Diluted	2,191,150	2,191,150	2,191,150	2,191,150

The accompanying notes are an integral part of these financial statements.

KELLY VENTURES LTD.**UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars – prepared by Management)

	For the Nine Months Ended	
	September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (26,020)	\$ (36,816)
Changes in non-cash working capital items:		
Increase (decrease) in accounts payable and accrued liabilities	(502)	4,091
Cash used in operating activities	(26,522)	(32,725)
Decrease in cash during the period	(26,522)	(32,725)
Cash, beginning of the period	44,967	83,339
Cash, end of the period	\$ 18,445	\$ 50,614

The accompanying notes are an integral part of these financial statements.

KELLY VENTURES LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars – prepared by Management)

For the Nine Months Ended September 30, 2024 and 2023

1. NATURE AND CONTINUANCE OF OPERATIONS

On November 2, 2016, Kelly Ventures Ltd. ("Kelly" or the "Company") was incorporated under the laws of the Province of British Columbia and is classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. On December 21, 2018, the Company completed its initial public offering ("IPO") and on December 27, 2018, the shares of the Company commenced trading on the TSX-V under the symbol KKL.P.

As a Capital Pool Company, the principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition of or participation in a business (the "Qualifying Transaction" or "QT") subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing.

The Company's head office address is Suite 615 – 800 West Pender Street, Vancouver, BC, V6C 2V6. The registered and records office address is 10th Floor - 595 Howe Street, Vancouver, BC, V6C 2T5. The financial statements of the Company are presented in Canadian dollars, which is the functional and reporting currency of the Company.

Going concern of operations

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. As of September 30, 2024, the Company has not generated any revenues and has incurred losses of \$261,427 since inception. The Company's continued existence and plans for future growth depend on its ability to obtain additional capital.

The above material uncertainties raise significant doubt about the Company's ability to continue as a going concern. Although these financial statements have been prepared on a going concern basis, the Company's continuing operations are dependent upon its ability to obtain adequate financing through debt or equity issuance.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

KELLY VENTURES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars – prepared by Management)

For the Nine Months Ended September 30, 2024 and 2023

1. NATURE AND CONTINUANCE OF OPERATIONS (cont'd...)

Restrictions on Use of Proceeds

Until the Completion of the Qualifying Transaction and except as otherwise specifically provided by the CPC Policy and described in "*Prohibited Payments to Non-Arm's Length Parties*" and "*Finder's Fees*", the gross proceeds realized from the sale of all securities issued by the Company will be used by the Company only to identify and evaluate assets or businesses and obtain shareholder approval, if applicable, for a proposed Qualifying Transaction, including expenses such as:

- (a) reasonable expenses relating to the Company's IPO, including:
 - (i) fees for legal services and audit services relating to the preparation and filing of this prospectus;
 - (ii) Agent's fees, costs and commissions; and
 - (iii) printing costs, including printing of this prospectus and share certificates;
- (b) reasonable general and administrative expenses of the Company (not exceeding in aggregate \$3,000 per month), including:
 - (i) office supplies, office rent and related utilities;
 - (ii) equipment leases;
 - (iii) fees for legal services; and
 - (iv) fees for accounting and advisory services;
- (c) reasonable expenses relating to a proposed Qualifying Transaction, including:
 - (i) valuations or appraisals;
 - (ii) business plans;
 - (iii) feasibility studies and technical assessments;
 - (iv) sponsorship reports;
 - (v) Geological Reports;
 - (vi) financial statements;
 - (vii) fees for legal services; and
 - (viii) fees for accounting, assurance and audit services;
- (d) agents' and finders' fees, costs and commissions;
- (e) assurance and audit fees of the Company;
- (f) escrow agent and transfer agent fees of the Company; and
- (g) regulatory filing fees of the Company.

In addition, a maximum aggregate amount of \$25,000 may be advanced as a non-refundable deposit or unsecured loan to a Target Company or Vendor(s), as the case may be, without the prior acceptance of the TSX-V. Any proposed deposit, advance or loan of funds from the Company to the Target Company or a Vendor(s) in excess of such \$25,000 maximum aggregate may only be made as a secured loan with the prior acceptance of the TSX-V where all of the following conditions are satisfied:

- (a) the Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction;
- (b) the Qualifying Transaction has been announced in a comprehensive news release;

KELLY VENTURES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars – prepared by Management)

For the Nine Months Ended September 30, 2024 and 2023

1. NATURE AND CONTINUANCE OF OPERATIONS (cont'd...)

Restrictions on Use of Proceeds (cont'd...)

- (c) due diligence with respect to the Qualifying Transaction is well underway;
- (d) if applicable, a Sponsor has been engaged or the sponsorship requirement has been waived;
- (e) the loan has been announced in a new release at least 15 days prior to the date of any such loan; and
- (f) the total amount of all deposits, advances and loans from the Company does not exceed a maximum of \$250,000 in aggregate unless the aggregate amount advanced from the Company to the Target Company or the Vendor(s) does not represent more than 20% of the working capital of the Company.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements of the Company for the nine months ended September 30, 2024 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”). Accordingly, these condensed interim financial statements follow the same accounting principles and methods of application as the annual financial statements for the year ended December 31, 2023 but may condense or omit certain disclosures that otherwise would be present in annual financial statements prepared in accordance with IFRS. These financial statements should therefore be read in conjunction with the annual financial statements for the year ended December 31, 2023. Results for the period ended September 30, 2024, are not necessarily indicative of future results.

Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next fiscal year include the assessment of material uncertainty which raises significant doubt about the Company’s ability to continue as a going concern.

KELLY VENTURES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars – prepared by Management)

For the Nine Months Ended September 30, 2024 and 2023

3. MATERIAL ACCOUNTING POLICIES

Share-based payments

The Company grants stock options to acquire common shares of the Company 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 on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based payments reserve is transferred to accumulated losses (deficit). The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

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

Warrants

The Company accounts for warrants including warrants issued to brokers in connection with the issuance of shares (“broker warrants”) using the fair value method. Under this method, the fair value of broker warrants is first determined based on the value of goods or services received. In situations where some or all of the goods or services received by the Company as consideration cannot be specifically identified, the fair value of broker warrants is then determined using the Black-Scholes valuation model.

The Company has adopted a residual method with respect to the measurement of shares and warrants issued as private placement units. The residual method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

Upon exercise of the warrants, consideration paid together with the amount previously recognized in reserves surplus is recorded as an increase to capital stock. Upon forfeiture or expiry of the warrants, the amount previously recognized in the reserves is transferred to deficit.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

KELLY VENTURES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars – prepared by Management)

For the Nine Months Ended September 30, 2024 and 2023

3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Income taxes (cont'd...)

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. Common shares which are contingently returnable are excluded from the calculation.

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. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

KELLY VENTURES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars – prepared by Management)

For the Nine Months Ended September 30, 2024 and 2023

3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") 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 FVTOCI. 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 following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification IFRS 9
Cash	FVTPL
Accounts payable and accrued liabilities	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

KELLY VENTURES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars – prepared by Management)

For the Nine Months Ended September 30, 2024 and 2023

3. MATERIAL ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

(iv) Derecognition

Financial assets

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. Gains and losses on derecognition are generally recognized in profit or loss.

Accounting standard issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

Amendments to IAS 1 Presentation of Financial Statements

IAS 1 has been amended to clarify classification of liabilities as current or non-current. The amendments are effective for the years beginning on or after January 1, 2024. The amendment is expected to have no impact for the Company.

Accounting standards adopted in current year

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. The adoption of these amendments had minimal impact on the disclosures in these financial statements.

KELLY VENTURES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars – prepared by Management)

For the Nine Months Ended September 30, 2024 and 2023

4. CAPITAL STOCK AND RESERVES

a) Authorized share capital

As at September 30, 2024 and December 31, 2023, the authorized share capital of the Company is an unlimited number of common shares without par value.

b) Issued share capital

No shares were issued during the nine months ended September 30, 2024 or during the year ended December 31, 2023.

c) Escrow shares

At September 30, 2024, there are 2,000,000 (December 31, 2023 - 2,000,000) common shares held in escrow. Under the escrow agreement dated September 28, 2018 and amended July 29, 2021, 25% of the escrowed common shares will be released from escrow upon issuance of notice of final acceptance of a qualifying transaction by the TSXV and the remainder in three equal tranches of 25% every six months thereafter for a period of 18 months, subject to certain conditions of the TSXV that could accelerate the release from escrow. These escrow shares may not be transferred, assigned or otherwise traded without the consent of the regulatory authorities.

5. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

During the nine months ended September 30, 2024:

- i. Administration fees of \$4,500 plus GST (2023 - \$4,500 plus GST) were charged by an entity controlled by the President of the Company;
- ii. Accounting fees related to the preparation of the annual and quarterly financial statements of \$9,000 plus GST (2023 - \$9,000 plus GST) were charged by an entity controlled by a director of the Company and included in professional fees.

At September 30, 2024, \$11,593 (December 31, 2023 - \$4,768) was due to related parties of the Company. These amounts are included in accounts payable and accrued liabilities, unsecured, non-interest bearing and payable on demand.

KELLY VENTURES LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars – prepared by Management)

For the Nine Months Ended September 30, 2024 and 2023

6. FINANCIAL INSTRUMENTS

Fair value

The carrying value of the Company's financial instruments approximates their fair value due to their short-term nature. Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined 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 not based on observable market data.

At September 30, 2024 and December 31, 2023, the fair value of the Company's cash is based on Level 1 measurements.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below:

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year.

Foreign currency risk

The Company is not exposed to foreign currency risk on fluctuations related to cash, and accounts payable and accrued liabilities that are denominated in a foreign currency. As at September 30, 2024 and December 31, 2023, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

7. CAPITAL MANAGEMENT

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. The Company does not presently utilize any quantitative measures to monitor its capital. There were no changes to the Company's approach to capital management during the nine months ended September 30, 2024 or during the year ended December 31, 2023 and the Company is not subject to externally imposed restrictions on capital.