



KAINANTU

KAINANTU RESOURCES LTD.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Presented in United States Dollars)

February 28, 2021

(Unaudited, Prepared by Management)

Reader's Note:

These unaudited interim condensed consolidated financial statements have been prepared by management and have not been reviewed by the Company's auditor

KAINANTU RESOURCES LTD.

Interim Condensed Consolidated Statements of Financial Position
(Presented in United States Dollars)
(Unaudited, Prepared by Management)

As at	Note	February 28, 2021	November 30, 2020
ASSETS			
Current			
Cash and cash equivalents		\$ 2,816,869	-
Receivables		76,288	\$ 11,097
Deferred financing costs		-	246,408
Total Current Assets		2,893,157	257,505
Non-Current			
Property and equipment	4	455,101	461,626
Exploration and evaluation assets	5	2,890,033	2,711,344
Total Non-Current Assets		3,345,134	3,172,970
Total Assets		\$ 6,238,291	\$ 3,430,475
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		\$ 330,445	\$ 421,454
Due to related parties	7	498,121	445,057
Total Current Liabilities		828,566	866,511
Shareholders' Equity			
Share capital	6	6,056,402	2,802,177
Share-based payment reserve		343,807	-
Accumulated other comprehensive income		29,364	(5,748)
Deficit		(1,019,848)	(232,465)
Total Shareholders' Equity		5,409,725	2,563,964
Total Liabilities and Shareholders' Equity		\$ 6,238,291	\$ 3,430,475

Nature of business 1
 Continuance of operations 2 (c)

Approved and authorized by the board of directors on April 29, 2021:

"Marcus Engelbrecht"		"Matthew Salthouse"	
_____ Marcus Engelbrecht	Director	_____ Matthew Salthouse	Director

The accompanying notes are an integral part of these interim consolidated financial statements

KAINANTU RESOURCES LTD.

Interim Consolidated Statements of Loss and Comprehensive Loss
(Presented in United States Dollars)
(Unaudited, Prepared by Management)

	Note	Three months ended 28 February, 2021	Three months ended 28 February, 2020
EXPENSES			
Accounting and legal		\$ 22,306	\$ 1,584
General and administrative		50,916	-
Management and consulting fees		75,616	-
Marketing and investor relations		70,953	-
Share-based payments		230,344	-
Total Expenses		(450,135)	(1,584)
OTHER ITEMS			
Foreign exchange (gain) loss		\$ 1,118	\$ -
Listing expense		336,130	-
Loss for the Period		(787,383)	(1,584)
Foreign exchange translation		\$ 35,112	\$ 34
Comprehensive Loss for the Period		\$ (752,271)	\$ (1,550)
Basic and diluted net loss per common share		\$ (0.02)	\$ (1.06)
Weighted average number of common shares outstanding – basic and diluted		44,241,902	1,500

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KAINANTU RESOURCES LTD.

Interim Consolidated Statements of Cash Flows

(Presented in United States Dollars)

(Unaudited, Prepared by Management)

	Note	Three months ended 28 February, 2021	Three months ended 28 February, 2020
OPERATING ACTIVITIES			
Loss for the period		\$ (787,383)	\$ (1,584)
Foreign exchange		1,118	34
Listing expense		336,130	-
Share based payments		230,344	-
Changes in non-working capital items:			
Receivables		(65,191)	(805)
Accounts payable and accrued liabilities		142,181	2,355
Due to related parties		66,079	-
Cash used in Operating Activities		(76,722)	-
INVESTING ACTIVITIES			
Payment for exploration and evaluation assets		\$ (170,114)	\$ -
Payment for plant and equipment		(2,050)	-
Cash acquired from reverse acquisition		125,881	-
Cash used in Investing Activities		(46,283)	-
FINANCING ACTIVITIES			
Proceeds from concurrent financing		\$ 2,921,481	\$ -
Proceeds from warrant and option exercise		18,393	-
Cash provided by Financing Activities		2,939,874	-
Change in cash		2,816,869	-
Cash, beginning the period		-	-
Cash, end of period		\$ 2,816,869	\$ -

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KAINANTU RESOURCES LTD.

Interim Consolidated Statements of Changes in Shareholders' Equity

(Presented in United States Dollars)

(Unaudited, Prepared by Management)

	Notes	Share Capital		Share-based payment reserve	Accumulated Other Comprehensive Income / (Loss)	Deficit	Total Shareholders' Equity
		Number of shares	Amount				
			\$	\$	\$	\$	\$
Balance – November 30, 2019		1,500	2,169	-	-	-	2,169
Loss for the period		-	-	-	-	(1,584)	(1,584)
Foreign exchange translation		-	-	-	34	-	34
Balance – February 28, 2021		1,500	2,169	-	34	(1,584)	619
Balance – November 30, 2020		20,000,000	2,802,177	-	(5,748)	(232,465)	2,563,964
Consideration for reverse acquisition		4,000,000	427,814	-	-	-	427,814
Concurrent financing		20,500,000	3,167,889	-	-	-	3,167,889
Finders' fees (shares)		572,400	-	-	-	-	-
Finders' fees (warrants)		-	(89,990)	89,990	-	-	-
Finders' fees (cash)		-	(29,531)	-	-	-	(29,531)
Corporate finance fees (warrants)		-	(23,473)	23,473	-	-	-
Corporate finance fees (cash)		-	(52,541)	-	-	-	(52,541)
Share issuance costs		-	(164,336)	-	-	-	(164,336)
Exercise of options		133,333	10,458	-	-	-	10,458
Exercise of brokers warrants		100,000	7,935	-	-	-	7,935
Loss for the period		-	-	-	-	(787,383)	(787,383)
Share base payments		-	-	230,344	-	-	230,344
Foreign exchange translation		-	-	-	35,112	-	35,112
Balance – February 28, 2021		45,305,733	6,056,402	343,807	29,365	(1,019,848)	5,409,725

The accompanying notes are an integral part of these interim consolidated financial statements

KAINANTU RESOURCES LTD.

Notes to the Interim Condensed Consolidated Financial Statements

February 28, 2021

(Presented in United States Dollars)

(Unaudited, Prepared by Management)

1. NATURE OF BUSINESS

The Company was incorporated under the Business Corporations Act (British Columbia) on July 4, 2018 and was a Capital Pool Company under the policies of the TSX Venture Exchange (the "TSX-V").

The principal business of the Company was the identification and evaluation of assets or businesses with a view to completing a "Qualifying Transaction" as it is defined in the policies of the TSX-V.

On November 23, 2020, the Company changed its name to Kainantu Resources Ltd. and on December 3, announced that it had completed the acquisition of all of the issued and outstanding shares of Kainantu Resources Pte. Ltd. ("Kainantu") (the "Transaction"). The Transaction resulted in a reverse takeover of the Company by the shareholders of Kainantu, constituting the Company's Qualifying Transaction as such term is defined in Policy 2.4 - Capital Pool Companies of the TSX-V.

Kainantu was incorporated in Singapore on August 21, 2019 and incorporated a subsidiary Kainantu Resources Limited, on February 1, 2020 for the purpose of acquiring mineral exploration properties in Papua New Guinea ("PNG").

Pursuant to the Transaction, the Company issued an aggregate of 20,000,000 Company Shares to the founding holders of common shares of Kainantu ("Kainantu Shares") on the basis of one Company Share for each Kainantu Share at price of Canadian Dollars ("CDN") \$0.20 per Kainantu Share. In addition, the Company will issue 5,000,000 common shares to the founding holders of Kainantu, pro rata in accordance with their holdings of Kainantu Shares, as additional consideration at such time as the Company has established and completed a technical report in compliance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") supporting an inferred resource (as such term is defined in NI 43-101).

Immediately following the Transaction:

- 2,100,000 common shares of the Company were held by the existing shareholders;
- 1,900,000 common shares of the Company were held by former Kainantu shareholders;
- 20,000,000 common shares of the Company were issued to the former shareholders of Kainantu in exchange of Kainantu Shares;
- 20,500,000 shares and 10,250,000 attaching warrants of the Company were issued pursuant to the concurrent financing in connection with the Transaction (the "Concurrent Financing"). The Company raised total proceeds of CDN \$4,100,000 from Concurrent Financing. Each warrant entitles the holder to acquire a common share of the Company at an exercise price of CDN \$0.40 per common share until December 3, 2023;
- 572,400 common shares and 286,200 attaching warrants of the Company were issued to certain arm's length finders as finders' fee payable in connection with the Concurrent Financing. Each warrant entitles the holder to acquire a common share of the Company at an exercise price of CDN \$0.40 per common share until December 3, 2023;
- 437,400 warrants of the Company were issued to certain arm's length finders as finders' fee payable in connection with the Concurrent Financing. Each warrant entitles the holder to acquire a common share of the Company at an exercise price of CDN \$0.20 per common share until December 3, 2023;
- 763,700 warrants were issued to certain finders. Each warrant entitles the holder to acquire a common share of the Company at an exercise price of CDN \$0.20 per common share until December 3, 2023; and

KAINANTU RESOURCES LTD.

Notes to the Interim Condensed Consolidated Financial Statements

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1. NATURE OF BUSINESS (continued)

- 490,000 warrants were issued as a corporate finance fee. Each warrant entitles the holder to acquire a common share of the Company at an exercise price of CDN \$0.40 per common share until December 3, 2023.

Together the Company, Kainantu and Kainantu Resources Limited for a wholly owned consolidated group ("the Group")

Since the Transaction resulted in the shareholders of Kainantu obtaining control of the Company, it constituted a reverse acquisition for accounting purposes with Kainantu being identified as the accounting acquirer. The net assets of the Company at the date of the reverse acquisition were deemed to have been acquired by Kainantu.

2. BASIS OF PREPARATION

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting and based on principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements should be read in conjunction with the annual audited consolidated financial statements of Kainantu Resources Pte. Ltd for the period ended November 30, 2020, which include all of the significant accounting policies, and have been prepared in accordance with the same methods of application.

These interim consolidated financial statements were approved by the board of directors on April 29, 2021.

b. Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c. Continuance of Operations

These interim condensed consolidated financial statements are prepared on a going concern basis, which assumes that the Group will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not include adjustments that would be necessary if the going concern assumption is not appropriate.

The Group's continuing operations and its ability to meet mineral property and other commitments are dependent upon the ability of the Group to continue to raise additional equity or debt financing and to seek joint venture partners. Although the Group has been successful at raising capital in the past, there is no assurance that the Group will be able to raise adequate financing on terms that are acceptable to the Group, if at all. Based on its current plans, budgeted expenditures, and cash requirements, management believes the Group would need to raise additional capital to accomplish its business objectives thereafter.

KAINANTU RESOURCES LTD.

Notes to the Interim Condensed Consolidated Financial Statements

February 28, 2021

(Presented in United States Dollars)

(Unaudited, Prepared by Management)

2. BASIS OF PREPARATION (Continued)

d. Significant Accounting Estimates and Judgments

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates and exercise judgement in applying the Group's policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, except for the judgments and estimates involved with the reverse acquisition (Note 3), were the same as those applied to the audited consolidated financial statements of Kainantu Resources Pte. Ltd. for the period ended November 30, 2020.

e. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

f. Presentation currency

These consolidated financial statements are presented in United States Dollars ("USD") which differs from the Company's functional currency which is CAD. Functional currencies of each entity are set out below.

Effective December 3, 2020, the Group has changed its presentation currency to USD from CAD. This change in presentation currency was made to better reflect the group's business activities, following the acquisition by Kainantu and forming the Group where the main operating entity adopts USD as the functional currency.

The interim condensed consolidated financial statements, for all years presented, are shown in the new presentation currency. Historically, the results of the Company have been presented in CAD.

Amounts are translated to the US dollar as follows:

- The consolidated income statements and consolidated statements of comprehensive income are translated into the presentation currency using the average exchange rates prevailing during each reporting period.
- Assets and liabilities on the consolidated statements of financial position were translated using the period-end exchange rates.
- Shareholders' equity balances were translated using historical rates based on rates in effect on the date of material transactions.

As a result of the change in presentation currency all amounts are expressed in USD unless otherwise noted.

The Group's non-USD functional currency entities have been translated to the USD dollar in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

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Notes to the Interim Condensed Consolidated Financial Statements

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g. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group assets and liabilities, revenues, expenses and cash flows relating to intra-group transactions are eliminated.

Entity	Ownership %	Country of incorporation	Nature / Activities	Functional Currency
Kainantu Resources Ltd	-	Canada	Listed company	CAD
Kainantu Resources Pte Ltd	100%	Singapore	Holding company	SGD
Kainantu Resources Limited	100%	Papua New Guinea	Mineral exploration	USD

3. REVERSE TAKEOVER OF PLB BY KAINANTU

As described in Note 1, on December 3, 2020, the Company and Kainantu completed the Transaction which constituted a reverse acquisition. The shareholders of Kainantu obtained control of the Company and the combined entity, by obtaining control of the voting power of the Company and the resulting power to govern its financial and operating policies.

For accounting purposes, Kainantu has been treated as the accounting parent company (legal subsidiary) and PLB has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements.

The Transaction was accounted for as a reverse acquisition in accordance with the guidance provided in IFRS 2, *Share-based Payments* and IFRS 3, *Business Combinations*. As the Company did not qualify as a business according to the definition in IFRS 3, the reverse acquisition did not constitute a business combination, rather it was treated as an issuance of shares by Kainantu for the net assets of the Company and to obtain a listing status.

Accordingly, no goodwill or intangible assets were recorded with respect to the Transaction. As Kainantu was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. The Company's results of operations have been included from December 3, 2020.

For the acquisition of the Company by Kainantu, the consideration received is deemed to be the fair value of the net assets of the Company which on December 3, 2020 were as follows:

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Purchase Price	
Fair value of shares acquired by Kainantu vendors	\$ 102,892
Fair value of shares retained by Company shareholders	324,922
Transaction costs	-
Total Purchase Price	427,814
Net Assets Acquired	
Current Assets	
Cash	125,881
Accounts Receivable	1,251
Current Liabilities	
Accounts Payable	(35,448)
Net Identifiable Assets	91,684
Listing expense	\$ 336,130

The fair value per share acquired by the Kainantu vendors reflects the transaction price of CAD \$0.07 and the shares retained by the shareholders of PLB based on the capital raising price of CAD \$0.20.

As a result of PLB not meeting the definition of a business under IFRS 3, a listing expense of \$336,130 has been recorded. This represents the excess of the purchase price over the fair value of the assets and liabilities acquired and is characterised as a capital raising cost.

4. PROPERTY AND EQUIPMENT

Cost	Office Equipment \$	Machinery & Equipment \$	Motor Vehicles \$	Construction in Progress \$	Total \$
November 30, 2020	10,705	6,370	90,610	370,283	477,968
Additions	1,264	786	-	-	2,050
February 28, 2021	11,969	7,156	90,610	370,283	480,018
Accumulated Depreciation					
November 30, 2020	514	829	14,999	-	16,342
Depreciation	451	573	7,551	-	8,575
February 28, 2021	965	1,402	22,550	-	24,917
Net Book Value	11,004	5,754	68,060	370,283	455,101

Depreciation is capitalized to exploration and evaluation assets.

5. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Group has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its assets are in good standing.

KAINANTU RESOURCES LTD.

Notes to the Interim Condensed Consolidated Financial Statements

February 28, 2021

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5. EXPLORATION AND EVALUATION ASSETS (continued)

	Acquisition Cost	Additions	Impairment	Total
November 30, 2020	\$ 2,330,692	380,652	-	2,711,344
Kainantu	-	178,689	-	178,689
February 28, 2020	\$ 2,330,692	559,341	-	2,890,033

Additions included \$8,575 of capitalized depreciation.

6. SHARE CAPITAL

The Company is authorized to issue unlimited ordinary shares.

During the period ended February 28, 2021, the Company issued 20,500,000 common shares and 10,250,000 share purchase warrants of the Company as part of the Concurrent Financing in conjunction with the reverse acquisition Transaction (Note 1) for total proceeds of CDN \$4,100,000.

Total cash financing cost incurred for the Concurrent Financing amounted to CDN \$38,220 and an additional 572,400 common shares and 1,486,900 share purchase warrants of the Company were issued to certain finders. A cash corporate finance fee of CDN \$68,000 was incurred and an additional 490,000 share purchase warrants of the Company were issued.

Share purchase warrants

Details of the status of the share purchase warrants are as follows:

	2021	
	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	100,000	\$ 0.10
Granted	10,250,000	0.40
Granted	1,486,900	0.20
Granted	490,000	0.40
Exercised	(100,000)	0.10
Outstanding, end of year	12,226,900	\$ 0.38

Stock option plan

The continuity of stock options is as follows:

	2021	
	Number of Options	Weighted Average Exercise Price CDN
Balance, beginning of the period	400,000	\$ 0.10
Granted	4,105,000	0.21
Exercised	(133,333)	(0.10)
Balance, end of the period	4,371,667	\$ 0.20

KAINANTU RESOURCES LTD.

Notes to the Interim Condensed Consolidated Financial Statements

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(Unaudited, Prepared by Management)

6. SHARE CAPITAL (Continued)

The following stock options were outstanding and exercisable as at February 28, 2021:

Expiry Date	Exercise Price	Number of Options	Remaining Contractual Life (Years)
March 14, 2024	CDN \$0.10	266,667	3.04
December 23, 2025	CDN \$0.21	4,105,000	4.82
Total		4,371,667	
Weighted average years to expiry			4.71

The Company recorded \$230,344 in share-based compensation related to the vested stock options. The Company employed the Black-Scholes option-pricing model using the following assumptions:

December 3, 2021

Assumptions:	
Risk-free interest rate	0.3%
Expected life of options	5 years
Expected volatility (based on comparable companies)	100%
Dividend yield	Nil
Forfeiture rate	0.0%
Exercise price	CDN \$0.21
Share price on grant date	CDN \$0.28
Result	
Weighted average fair value per option granted	CDN \$0.22

7. RELATED PARTY TRANSACTIONS

Key Management Personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group has determined that key management personnel consist of executive and non-executive members of the Board and executive management team.

Key management personnel compensation comprised fees paid and share-based compensation related to the fair value of the stock options granted to these key management personal.

Fees paid to key management personal in the three months ended February 28, 2021 were \$75,616 (2020 - \$nil).

Recognition of share-based payments expense is included in the consolidated financial statements on a graded vesting basis. During the quarter ended February 28, 2021, share-based compensation for the key management personnel amounted to \$230,344 (2020 - \$nil).

As at February 28, 2021, \$498,121 was due to related party entities in relation to ongoing and funding provided prior to completion of the concurrent financing and Transaction (2020 - \$nil). During the quarter the Group incurred costs associated with a shared services agreement with related party entities totalling \$34,051 (2020 - \$nil)

KAINANTU RESOURCES LTD.

Notes to the Interim Condensed Consolidated Financial Statements
February 28, 2021

*(Presented in United States Dollars)
(Unaudited, Prepared by Management)*

8. SEGMENTED INFORMATION

The Group operates in one business segment being mineral exploration in Papua New Guinea. All non-current assets are located in Papua New Guinea.

9. SUBSEQUENT EVENTS

No further events requiring disclosure have occurred.