KELLY VENTURES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the Nine Months Ended September 30, 2020

(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 10, 2020

KELLY VENTURES LTD.
UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars – prepared by Management)

		September 30, 2020		December 31, 2019
ASSETS				
Current Assets				
Cash	$	163,886	$	168,543
TOTAL ASSETS	$	163,886	$	168,543
LIABILITIES and EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	1,353	$	282
TOTAL LIABILITIES		1,353		282
EQUITY				
Share capital (Note 4)		267,998		240,948
Share-based payments reserve		367		8,302
Deficit		(105,832)		(80,989)
TOTAL EQUITY		162,533		168,261
TOTAL LIABILITIES and EQUITY	$	163,886	$	168,543

Nature and continuance of operations (Note 1)

Approved by the Board on November 10, 2020 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	Share-based Payments Reserve	Deficit	Total Equity
Balance, December 31, 2018	4,000,000	$ 240,948	$ 8,302	$ (50,425)	$ 198,825
Net loss for the period	-	-	-	27,370	27,370
Balance, September 30, 2019	4,000,000	240,948	8,302	(23,055)	226,195
Net loss for the period	-	-	-	(57,934)	(57,934)
Balance, December 31, 2019	4,000,000	240,948	8,302	(80,989)	168,261
Exercise of agent's options	191,150	19,115	-		19,115
Fair value of agent's options	-	7,935	(7,935)	-	-
Net loss for the period	-	-	-	(24,843)	(24,843)
Balance, September 30, 2020	4,191,150	$ 267,998	$ 367	$ (105,832)	$ 162,533

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 September 30,		For the Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
EXPENSES				
Administration (Note 5)	$ 2,126	$ 2,126	$ 6,379	$ 6,379
Listing and filing fees	2,234	1,447	11,649	14,082
Office and miscellaneous	487	169	635	731
Professional fees (Note 5)	6,180	-	6,180	6,178
Net Loss and Comprehensive Loss for the Period	$ 11,027	$ 3,742	$ 24,843	$ 27,370
Basic and Diluted Loss Per Share	$ 0.01	$ 0.00	$ 0.01	$ 0.01
Weighted Average Number Of Shares Outstanding, Basic	2,002,078	2,000,000	2,000,698	2,000,000

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,	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (24,843)	$ (27,370)
Changes in non-cash working capital items:		
Increase (decrease) in accounts payable and accrued liabilities	1,071	(18,703)
Cash used in operating activities	(23,772)	(46,073)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares, net	19,115	-
Cash provided by financing activities	19,115	-
Decrease in cash during the period	(4,657)	(46,073)
Cash, beginning of the period	168,543	218,200
Cash, end of the period	$ 163,886	$ 172,127

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

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 CPC, 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. There is no assurance that the Company will complete a Qualifying Transaction within twenty-four months from the date the Company's shares were listed on the TSX-V, at which time the TSX-V may suspend or de-list the Company's shares from trading.

The Company's head office address is Suite 615 – 800 West Pender Street, Vancouver, BC, V6C 2V6. The registered and records office address is Suite 2900 - 595 Burrard Street, Vancouver, BC, V7X 1J5.

The financial statements of the Company are presented in Canadian dollars, which is the functional and reporting currency of the Company.

<u>Going concern of operations</u>

These financial statements have been prepared in accordance with International Financial Reporting Standards ("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, 2020, and December 31, 2019, the Company has not generated any revenues and has incurred losses of $105,832 (December 31, 2019 - $80,989) 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.

In March 2020, there was a global outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the regional economies in which the Company operates and could continue to result in negative impacts on the stock market, including trading prices of the Company's shares, and the ability to raise capital and could impact the Company's operations.

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

Restrictions on Use of Proceeds

(a) Until the Completion of the Qualifying Transaction, no more than the lesser of 30% of the gross proceeds from the sale of securities issued by a CPC and $210,000 may be used for purposes other than the identification of a Qualifying Transaction. For greater clarification, expenditures that are not included include:

(i) listing and filing fees (including SEDAR fees);

(ii) other costs of the issue of securities, including legal and audit expenses relating to the preparation and filing of the CPC Prospectus;

(iii) administrative and general expenses of the CPC, including:
(A) office supplies, office rent and related utilities;
(B) printing costs, including printing of the CPC Prospectus and share certificates;
(C) equipment leases; and
(D) fees for legal advice and audit services relating to matters other than those related to the QT

(b) Until the Completion of the Qualifying Transaction, no proceeds from the sale of securities of a CPC may be used to acquire or lease a vehicle.

(c) The restrictions on expenditures and the use of proceeds continue to apply until Completion of the Qualifying Transaction.

(d) If the CPC completes a Qualifying Transaction before spending the entire proceeds on identifying and evaluating properties or businesses, the CPC may use the remaining funds to finance or partly finance the acquisition of, or participation in the Significant Assets.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim financial statements of the Company for the nine months ended September 30, 2020 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, 2019 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, 2019. Results for the period ended September 30, 2020, are not necessarily indicative of future results.

2. BASIS OF PREPARATION (cont'd…)

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.

3. SIGNIFICANT 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Changes in Accounting Policies - Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new 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 and 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 Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash and cash equivalents	Loans and Receivables	FVTPL
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Changes in Accounting Policies - Financial instruments (cont'd…)

(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 the consolidated statements of net (loss) income. 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 the consolidated statements of net (loss) income 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 the consolidated statements of net (loss) income, 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.

(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 the consolidated statements of net (loss) income.

(Expressed in Canadian Dollars – prepared by Management)

4. CAPITAL STOCK AND RESERVES

a) Authorized share capital

As at September 30, 2020 and December 31, 2019, the authorized share capital of the Company is an unlimited number of common shares without par value.

b) Issued share capital

In September 2020, the Company issued 191,150 common shares upon the exercise of 191,150 agent's options at $0.10 for gross proceeds of $19,115.

In December 2018, the Company completed its IPO of a total of 2,000,000 common shares, at a price of $0.10 per share (the "Issue Price"), for aggregate gross proceeds of $200,000. In connection with the IPO, the Company paid cash commissions totaling $20,000 and issued 200,000 non-transferable agent's options, each such agent's option entitling the holder to acquire one common share of Kelly at a price of $0.10 per share until December 21, 2020. The Company paid a $15,750 corporate finance fee to the agent and $15,000 for the agent's legal costs.

c) Escrow shares

At September 30, 2020, there are 2,000,000 (December 31, 2019: 2,000,000) common shares held in escrow. Under the escrow agreement dated September 28, 2018, 10% 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 six equal tranches of 15% every six months thereafter for a period of 36 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.

d) Agent's options

		Weighted Average	
	Number	Exercise Price	Remaining Life in Years
Balance, December 31, 2019 and December 31, 2018	200,000	$ 0.10	0.48
Exercised	(191,150)	0.10	
Outstanding at September 30, 2020	8,850	$ 0.10	0.22

(Expressed in Canadian Dollars – prepared by Management)

d) Agent's options (cont'd…)

Using the Black-Scholes method and variables below, the fair-value of the agent's options was calculated to be $8,302 which was debited to share issue costs and credited to share-based payments reserve. Upon the exercise of 191,150 agent's options in September 2020, the fair value of these agent's options of $7,935 was transferred from the share-based payments reserve to share capital.

Risk-free interest rate	1.85%
Expected life of agent's options	2.00%
Annualized volatility	75.00%
Dividend rate	0.00%

As there was no historical trading data on which to base a calculation, the volatility was estimated using a similar type of company that trades on the TSXV.

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, 2020:

i. Administration fees of $6,379 (2019 - $6,739) were charged by an entity controlled by the President of the Company;
ii. Consulting fees related to the preparation of the Annual General Meeting material of $1,575 (2019 - $1,680) were charged by an entity controlled by a director of the Company.

6. FINANCIAL INSTRUMENTS

Fair value

The carrying value of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

6. FINANCIAL INSTRUMENTS (cont'd…)

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, 2020 and December 31, 2019, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

8. 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.