KELLY VENTURES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the Three Months Ended March 31, 2022

(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.
May 10, 2022

KELLY VENTURES LTD.
UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars – prepared by Management)
AS AT MARCH 31, 2022 and DECEMBER 31, 2021

		March 31, 2022		December 31, 2021
ASSETS				
Current Assets				
Cash	$	113,321	$	128,549
TOTAL ASSETS	$	113,321	$	128,549
LIABILITIES and EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Note 5)	$	278	$	5,238
TOTAL LIABILITIES		278		5,238
EQUITY				
Share capital (Note 4)		267,998		267,998
Deficit		(154,955)		(144,687)
TOTAL EQUITY		113,043		123,311
TOTAL LIABILITIES and EQUITY	$	113,321	$	128,549

Nature and continuance of operations (Note 1)

Approved by the Board on May 10, 2022 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, 2020	4,191,150	$ 267,998	$ 367	$ (109,538)	$ 158,827
Net loss for the period	-	-	-	(11,018)	(11,018)
Balance, March 31, 2021	4,191,150	267,998	367	(120,556)	147,809
Fair value of unexercised agent's options	-	-	(367)	367	-
Net loss for the period	-	-	-	(24,498)	(24,498)
Balance, December 31, 2021	4,191,150	267,998	-	(144,687)	123,311
Net loss for the period	-	-	-	(10,268)	(10,268)
Balance, March 31, 2022	4,191,150	$ 267,998	$ -	$ (154,955)	$ 113,043

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 March 31,	
	2022	**2021**
EXPENSES		
Administration (Note 5)	$ 2,126	$ 2,126
Listing and filing fees	6,958	8,754
Office and miscellaneous	134	138
Professional fees (Note 5)	1,050	-
Net Loss and Comprehensive Loss for the Period	$ 10,268	$ 11,018
Basic and Diluted Loss Per Share	$ 0.00	$ 0.01
Weighted Average Number Of Shares Outstanding, Basic and Diluted	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 Three Months Ended March 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (10,268)	$ (11,018)
Changes in non-cash working capital items:		
Increase (decrease) in accounts payable and accrued liabilities	(4,960)	74
Cash used in operating activities	(15,228)	(10,944)
Decrease in cash during the period	(15,228)	(10,944)
Cash, beginning of the period	128,549	159,272
Cash, end of the period	$ 113,321	$ 148,328

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 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 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 March 31, 2022 and December 31, 2021, the Company has not generated any revenues and has incurred losses of $154,955 (December 31, 2021 - $144,687) 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.

Since March 2020, there has been 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.

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from Russia's military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts of the pandemic and the war in the Ukraine to the business to be limited, the indirect impacts on the economy and on other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

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;

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; an

(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 three months ended March 31, 2022 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, 2021 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, 2021. Results for the period ended March 31, 2022, 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.

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.

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.

3. SIGNIFICANT 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.

3. SIGNIFICANT 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 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 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.

3. SIGNIFICANT 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.

4. CAPITAL STOCK AND RESERVES

a) Authorized share capital

As at March 31, 2022 and December 31, 2021, 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 three months ended March 31, 2022 or during the year ended December 31, 2021.

c) Escrow shares

At March 31, 2022, there are 2,000,000 (December 31, 2021: 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 year ended December 31, 2021:

i. Administration fees of $2,626 (2021 - $2,626) were charged by an entity controlled by the President of the Company;
ii. Consulting fees related to the preparation of the audited financial statements of $1,050 (2021 - $Nil) were charged by an entity controlled by a director of the Company.

At March 31, 2022, $Nil (December 31, 2021 - $1,352) was due to entity controlled by the President of the Company. The balance is unsecured and payable on demand.

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 December 31, 2021, 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.

6. FINANCIAL INSTRUMENTS (cont'd…)

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 March 31, 2022 and December 31, 2021, 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 year and the Company is not subject to externally imposed restrictions on capital.

8. PROPOSED QUALIFYING TRANSACTION

In December 2020, the Company signed a Letter of Intent ("LOI") dated December 18, 2020, pursuant to which the Company will acquire all of the outstanding shares of Ebers Tech Inc. ("Ebers"). The parties intend to complete a business combination or other similarly structured transaction which will constitute a reverse take-over of KKL. The Proposed Transaction is intended to be an arm's length Qualifying Transaction (the "Qualifying Transaction") for the Company as defined under TSX-V policies.

As Ebers has not yet completed its audited financial statements for the years ended March 31, 2020, 2021 and 2022, as required to complete the Filing Statement for the TSX-V, the Company and Ebers have agreed to extend the outside date for closing the definitive amalgamation agreement to September 30, 2022.

9. UPDATED TSX-V POLICY 2.4 – CAPITAL POOL COMPANIES

On July 29, 2021, at the Annual General and Special Meeting of the Company, the shareholders passed four ordinary resolutions voted on by "disinterested shareholders" (such that none of the Company's insiders, or their associates and affiliates, were entitled to vote on such resolutions) to align the Company with the provisions of the updated TSX-V Policy 2.4 – Capital Pool Companies ("Updated Policy 2.4") which was revised effective January 1, 2021.

The four resolutions passed are as follows:

1. removed the applicability of section 14.13 of the past TSX-V Policy 2.4 and adopted the current provisions of Updated Policy 2.4, thereby removing the requirement of the Company to complete a Qualifying Transaction within 24 months of its date of listing on the TSX-V, and removing the associated consequences of delisting, or transfer to NEX and cancellation of certain seed shares held by insiders;

9. UPDATED TSX-V POLICY 2.4 – CAPITAL POOL COMPANIES (cont'd…)

2. amended the Company's Escrow Agreement by adopting certain permitted changes provided by the provisions of Updated Policy 2.4, including changes to the escrow release schedule whereby the length of the term of the escrow will be reduced from 36 months to 18 months. Once final TSX-V approval has been obtained to the Qualifying Transaction, the Company will also be clear to file its "Qualifying Transaction" (as defined in TSX-V Policy 2.4) with Ebers Tech Inc. ("Ebers"), subject to completion of any concurrent financing and meeting the other conditions of the TSX-V towards obtaining final TSX-V approval of the Qualifying Transaction;

3. approved the ability to pay finder's fees, if applicable and subject to certain conditions, to Non-Arm's Length Parties (as defined by the policies of the TSX-V); and

4. approved certain amendments to the Company's stock option plan to, among other things, become a "10% rolling" plan prior to the Company completing a Qualifying Transaction.