TRANSFORMA RESOURCES CORPORATION

Consolidated Financial Statements

For the Six Months Ended June 30, 2023 and 2022

(Unaudited – Prepared by Management)

(Stated in Canadian Dollars)

NOTICE TO READER

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

The condensed consolidated interim financial statements for the Company for the first quarter ended June 30, 2023 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these unaudited interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants (Canada) for a review of interim financial statements by an entity's auditor.

TRANSFORMA RESOURCES CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Stated in Canadian Dollars)

	Note		**June 30, 2023**		December 31, 2022
ASSETS					
Current Assets					
Cash		**$**	**26,428**	$	2,062
Receivables			**24,222**		18,643
Prepaid expenses			**3,266**		295
			53,916		21,000
Non-Current Assets					
Exploration and evaluation assets	4		**285,068**		230,510
Reclamation bonds	5		**10,000**		10,000
Property, plant and equipment	6		**344**		582
			295,412		241,092
		$	**349,328**	$	262,092
LIABILITIES					
Current Liabilities					
Trade and other payables		**$**	**159,839**	$	205,915
Short term loans	7		**231,212**		224,349
Due to related parties	9		**117,364**		101,535
			508,415		531,799
SHAREHOLDERS' DEFICIENCY					
Share capital	8		**3,469,483**		3,264,483
Subscription received in advance	8		**-**		5,000
Deficit			**(3,628,570)**		(3,539,190)
			(159,087)		(269,707)
		$	**349,328**	$	262,092

Note 1 – Nature of Operations and Going Concern

These financial statements are authorized for issue by the Board of Directors on August 21, 2023.

s/ "Carlos Lau" ________________ Director
Carlos Lau

s/ "Victor Jaramillo" ________________ Director
Victor Jaramillo

The accompanying notes form an integral part of these consolidated financial statements.

TRANSFORMA RESOURCES CORPORATION
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Stated in Canadian Dollars)

	Note	3 months ended June 30,		6 months ended June 30,	
		2023	2022	**2023**	2022
Operating Expenses					
Consulting and management fees	9	**$ 15,000**	$ 15,000	**$ 30,000**	$ 30,000
Depreciation	6	**119**	119	**238**	238
Office supplies and services		**159**	186	**379**	237
Professional fees		**23,204**	10,031	**31,204**	10,269
Shareholder information and communications		**3,276**	2,005	**3,751**	2,185
Share transfer, listing and filing fees		**6,471**	7,066	**17,498**	13,136
Operating Loss		**(48,229)**	(34,407)	**(83,070)**	(56,065)
Other Income and Expenses					
Interest expense	7	**(2,973)**	(2,477)	**(6,310)**	(3,743)
Net loss and Comprehensive loss		**(51,202)**	(36,884)	**(89,380)**	(59,808)
Loss per share - basic and diluted		**$ (0.002)**	$ (0.006)	**$ (0.005)**	$ (0.010)
Weighted average number of shares – (basic and diluted)		**21,325,244**	6,043,646	**19,159,620**	6,043,646

The accompanying notes form an integral part of these consolidated financial statements.

TRANSFORMA RESOURCES CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Stated in Canadian Dollars)

	Number of shares issued	Share Capital	Subscription Received in Advance	Reserves	Deficit	Total Shareholders' Deficiency
		$	$	$	$	$
Balance, December 31, 2021	6,043,646	2,712,169	-	6,000	(3,659,663)	(941,494)
Loss and comprehensive loss	-	-	-	-	(59,808)	(59,808)
Balance, June 30, 2022	6,043,646	2,712,169	-	6,000	(3,719,471)	(1,001,302)
			-			
Balance, December 31, 2022	16,969,933	3,264,483	5,000	-	(3,539,190)	(269,707)
Subscription received in advance (Note 8)	-	-	95,000	-	-	95,000
Units issued for private placement (Note 8)	5,833,333	175,000	(100,000)	-	-	75,000
Shares issued relating to MAC option (Note 13)	1,000,000	30,000	-	-	-	30,000
Loss and comprehensive loss	-	-	-	-	(89,380)	(89,380)
Balance, June 30, 2023	**23,803,266**	**3,469,483**	**-**	**-**	**(3,628,570)**	**(159,087)**

The accompanying notes form an integral part of these consolidated financial statements.

TRANSFORMA RESOURCES CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Stated in Canadian Dollars)

Six months ended June 30,	Note	2023	2022
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Loss for the period		**$ (89,380)**	$ (59,808)
Item not affecting cash:			
Depreciation		**238**	238
Interest expense on short term loans	7	**6,863**	3,193
Cash provided by (used in) changes in non-cash working capital items:			
Receivables		**(5,579)**	(4,361)
Prepaid expenses		**(2,971)**	-
Trade and other payables		**(46,075)**	(24,853)
Due to related parties		**15,829**	43,735
		(121,075)	(41,856)
INVESTING ACTIVITIES			
Exploration and evaluation asset		**(24,559)**	-
		(24,559)	-
FINANCING ACTIVITIES			
Subscription received in advance	8	**95,000**	-
Units issued for cash	8	**75,000**	-
Short term loans		**-**	40,000
		170,000	40,000
INCREASE (DECREASE) IN CASH		**24,366**	(1,856)
CASH, beginning of period		**2,062**	5,004
CASH, end of period		**$ 26,428**	$ 3,148
Supplementary Disclosure of Statements of Cash Flows Information			
Cash paid for interest		**$ 90**	$ -
Cash paid for taxes		**-**	-
Cash interest received		**642**	37
Non-cash investing and financing activities			
Exploration and evaluation assets in trade payables		**101,806**	101,806

The accompanying notes form an integral part of these consolidated financial statements.

NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN

Transforma Resources Corporation (the "Company") was incorporated under the laws of the Province of British Columbia, Canada on July 23, 2001. The Company is a reporting issuer in the provinces of British Columbia and Alberta, Canada and trades on the TSX Venture Exchange ("TSXV") under the symbol "TFM".

The consolidated financial statements include the accounts of Transforma Resources Corporation and its wholly-owned subsidiary, 1151009 BC Ltd., a company incorporated under the laws of British Columbia, Canada. The Company's head office and principal place of business is Suite 309, 8080 Cambie Road, Richmond, BC, Canada.

The Company has two exploration projects located in British Columbia, Canada, and has not yet determined whether the properties contain ore reserves which are economically recoverable. The underlying carrying value of the mineral property interest and related deferred exploration and evaluation expenditures is dependent upon the existence of economically recoverable reserves, confirmation of the Company's interest in the related mineral claims, its ability to obtain necessary financing to complete the exploration and evaluation, and future profitable production or proceeds from the sale of all or an interest in the related mineral claims.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2023, the Company had a working capital deficiency. The Company has not yet realized any revenues from its operations and it will be required to raise new financing through the sale of shares or issuance of debt to continue with the exploration of its mineral property. Although management intends to secure additional financing as may be required, there can be no assurance that management will be successful in its efforts to secure additional financing or that it will ever develop a self-supporting business. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds at this time.

NOTE 2 – BASIS OF PRESENTATION

Statement of Compliance with International Financial Reporting Standards

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard, 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), on a basis consistent with the accounting policies disclosed in the audited financial statements for the year ended December 31, 2022, except for newly-adopted accounting policies, if any, as stated in Note 3 below.

NOTE 2 – BASIS OF PRESENTATION (continued)

Presentation

These financial statements are presented in Canadian dollars and have been prepared on a historical cost basis except for 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. The policies have been consistently applied to all years presented.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim financial statements should be read in conjunction with the most recently issued annual audited financial statements of the Company, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting judgments and estimates were presented in Note 2 to the financial statements for the year ended December 31, 2022, and the Company's significant accounting policies were presented in Note 3 to the financial statements for the year ended December 31, 2022 and have been consistently applied in the preparation of these unaudited condensed interim financial statements.

NOTE 4 – EXPLORATION AND EVALUATION ASSETS

	Thunder Copper Claims	**Total**
Balance, December 31, 2021	$ 230,510	$ 230,510
No activity	-	-
Balance, June 30, 2022	$ 230,510	$ 230,510

	Thunder Copper Claims	MAC Property	Total
Balance, December 31, 2022	$ 230,510	$ -	$ 230,510
Claims re-staking	4,889	-	4,889
Option on MAC Property	-	30,000	30,000
Preparation of technical report	-	19,669	19,669
Balance, June 30, 2023	**$ 235,399**	**$ 49,669**	**$ 285,068**

Thunder Copper Claims, British Columbia, Canada
The Company holds mineral claims located in the Lillooet Mining Division, British Columbia known as the Thunder Copper Property (formerly the "MIKE Claims" or the "Copper Mineral Claims").

MAC Property, British Columbia, Canada
The Company acquired an option on the MAC Property in May 2023. See Note 13 for additional information. As part of the acquisition, the Company funded the cost of preparing a technical report on the MAC Property, prepared pursuant to National Instrument 43-101.

(Stated in Canadian Dollars)

NOTE 5 – RECLAMATION BONDS

As at June 30, 2023, the Company has term deposits in the amount of $10,000 (December 31, 2022 - $10,000) as security to the Province of British Columbia for future site reclamation.

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

	Equipment and Vehicle $	Total $
Cost:		
December 31, 2021	24,171	24,171
Additions/disposals	-	-
December 31, 2022	24,171	24,171
Additions/disposals	-	-
June 30, 2023	**24,171**	**24,171**
Accumulated depreciation:		
December 31, 2021	23,113	23,113
Depreciation	476	476
December 31, 2022	23,589	23,589
Depreciation	238	238
June 30, 2023	**23,827**	**23,827**
Carrying amounts:		
December 31, 2022	582	582
June 30, 2023	**344**	**344**

NOTE 7 – SHORT TERM LOANS

(a) Short Term Loan – Due to current Chief Executive Officer

As of June 30, 2023, the Company has a short term loan outstanding in the principal amount of $40,000. The loan was obtained in April 2022, bears interest at an annual rate of 10% and does not have fixed repayment terms. This loan requires a $10,000 settlement fee at the date of repayment, which has been accrued to loan payable and recorded as interest expense in 2022. The lender is a director of the Company as well as president and CEO of the Company.

Included in short term loan as of June 30, 2023 is $16,601 of accrued interest and fees owed to the same lender (December 31, 2022 - $14,532).

NOTE 7 – SHORT TERM LOANS (continued)

(b) Short Term Loan – Due to former Chief Executive Officer

As of June 30, 2023, the Company has a short term loan outstanding in the principal amount of $164,727, bearing interest at an annual rate of 6%. The lender has the right to demand payment of principal and accrued interest at any time after December 27, 2023. In the absence of any such demand by the lender, the Company must repay the lender on the following basis:

(a) One hundred and ten thousand dollars ($110,000) on or before June 27, 2024; and
(b) The remaining principal, plus unpaid interest, on or before June 27, 2025.

The Company also has the right to prepay all or any amount of principal at any time.

The lender is the former president and CEO of the Company as well as a former director. The lender is currently a significant shareholder of the Company.

Included in short term debt as of June 30, 2023 is $9,884 of accrued interest owed to the same lender (December 31, 2022 – $5,090).

NOTE 8 – SHARE CAPITAL

(a) Authorized: unlimited number of common shares without par value.

(b) Issued:

Year ended December 31, 2023

In May 2023, the Company issued 1,000,000 common shares as the first instalment toward the exercise of the option on the MAC Property. For further information, see Note 13.

Also in May 2023, in connection with the option agreement related to the MAC Property, the Company closed a unit offering, which ultimately raised $175,000 by the issuance of 5,833,333 units at an offering price of $0.03 per unit. Each unit consists of one (1) common share of the Company, and one non-transferable share purchase warrant to acquire one additional common share. Each warrant is exercisable to purchase one (1) common share of the Company at an exercise price of $0.05 until December 31, 2026. The expiry date of the warrants is subject to an acceleration clause. The subscribers of the units were related parties.

As of December 31, 2022, the Company had received $5,000 as subscription received in advance toward the aforementioned unit offering. As of March 31, 2023, the Company had received $100,000 as subscription received in advance toward the aforementioned unit offering.

Year ended December 31, 2022

In August 2022, the Company issued 10,926,287 common shares, valued at $0.05 per share, to settle certain debts, resulting in a gain on settlement of $272,926. For further information, refer to Notes 7, 9 and 14 of the annual financial statements for the year ended December 31, 2022.

(Stated in Canadian Dollars)

NOTE 8 – SHARE CAPITAL (continued)

(c) Share-based compensation

The Company has a stock option plan under which the Board of Directors may grant options to directors, officers, other employees and key consultants.

Under the plan, the number of shares reserved for issuance pursuant to the exercise of all options under the plan may not exceed 10% of the issued and outstanding common shares on a non-diluted basis at any time. The options expire not more than five years from the date of grant, or earlier if the individual ceases to be associated with the Company, and vest over terms determined at the time of grant.

The Company had no options activity during the six months ended June 30, 2023 and for the year ended December 31, 2022. As of June 30, 2023 and December 31, 2022, the Company had no options outstanding.

(d) Warrants

The continuity of warrants for the six months ended June 30, 2023 and 2022 are as follows:

Expiry Date	Exercise Price	Dec. 31, 2022	Granted	Exercised	Expired/ cancelled/ returnable	June 30, 2023
May 8, 2024	$0.25	480,000	-	-	-	480,000
Dec. 31, 2026	$0.05	-	5,833,333	-	-	5,833,333
		480,000	5,833,333	-	-	6,313,333
Weighted average		$0.25	$0.05	-	-	$0.065

Expiry Date	Exercise Price	Dec. 31, 2021	Granted	Exercised	Expired/ cancelled/ returnable	June 30, 2022
May 8, 2024	$0.25	480,000	-	-	-	480,000
Jan. 9, 2022	$0.35	40,000	-	-	(40,000)	-
		520,000	-	-	(40,000)	480,000
Weighted average		$0.258	-	-	$0.35	$0.25

In May 2023, the Company issued 5,833,333 warrants pursuant to a unit offering. Each warrant is exercisable to purchase one (1) common share of the Company at an exercise price of $0.05 until December 31, 2026. The expiry date of the warrants is subject to an acceleration clause.

(Stated in Canadian Dollars)

NOTE 9 – RELATED PARTY BALANCES AND TRANSACTIONS

(a) Key management transactions

The Company defines its directors and officers as its key management personnel. The compensation costs for key management personnel for the six months ended June 30, 2023 and 2022 are as follows:

	June 30, 2023	June 30, 2022
Consulting fees and management fees	$ 30,000	$ 30,000
	$ 30,000	$ 30,000

(b) Due to related parties

As at June 30, 2023, the balance of due to related parties is $117,364 (December 31, 2022 - $101,535) and is comprised of $33,210 due to the president and CEO (December 31, 2022 - $33,210) and $84,154 due to a private company affiliated with the Company's CFO (December 31, 2022 - $68,325). These amounts due are non-interest bearing, with no specific terms of repayment. Also, see Note 7 for additional information about short term loans and related interest and fees due to related parties. Also, see Note 8 for additional information about the unit offering subscribed by related parties.

NOTE 10 – FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks, credit risk, liquidity risk and market risk.

a) *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company manages credit risk, in respect of cash, by maintaining the majority of cash at high credit rated Canadian financial institutions. As at June 30, 2023, the Company had no cash that exceeded the amounts covered under federal deposit insurance. Receivables are due from a government agency.

b) *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company is exposed to liquidity risk. The Company will be required to raise debt or equity in order to meet its ongoing operating obligations.

NOTE 10 – FINANCIAL INSTRUMENTS (continued)

c) *Market Risk*

Market risk consists of interest rate risk, foreign currency risk and other price risk. These are discussed further below.

Interest Rate Risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market interest rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Management considers the interest rate risk to be minimal.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company considers the foreign currency risk to be minimal.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not significantly exposed to other price risk.

d) *Classification of Financial instruments*

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value.

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has valued its cash using Level 1 inputs as at June 30, 2023. The fair value of receivables, reclamation bonds, short term loans, due to related parties, and trade and other payables approximate their carrying values because of the short-term nature of these instruments.

NOTE 11 – CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its property and to maintain flexible capital structure for its project for the benefit of its stakeholders. In the management of capital, the Company includes shareholders' deficiency.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or debt. Management reviews the capital structure on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes in the Company's approach to capital management.

NOTE 12 – SEGMENTED INFORMATION

The Company operates in one operating segment in one geographic region being the acquisition and exploration of mineral properties in Canada.

NOTE 13 – OPTION ON MAC PROPERTY

In May 2023, the Company closed the option agreement dated December 23, 2022 (the "MAC Option Agreement") with 802213 Alberta Ltd. (the "Optionor") and Kelly Funk for the exclusive option to acquire (the "MAC Option") certain mineral claims located near Fort St. James, British Columbia (the "MAC Property").

In order to exercise the MAC Option, the Company must (with all payments and share issuances being optional, pursuant to the MAC Option Agreement):

1. Reimburse the Optionor for its 2023 assessment fees paid to maintain the MAC Property in good standing, up to a maximum amount of $30,000;
2. Issue to the Optionor up to 11 million common shares in the following annual instalments:
    a. 1.0 million shares upon regulatory approval of the MAC Option Agreement;
    b. A further 1.0 million shares on or before December 31, 2023;
    c. A further 2.0 million shares on or before December 31, 2024;
    d. A further 2.0 million shares on or before December 31, 2025
    e. A further 2.5 million shares on or before December 31, 2026;
    f. A further 2.5 million shares on or before December 31, 2027;
3. Complete at least $3 million in exploration and development expenditures on the MAC Property on or before December 31, 2027; and
4. Issue a further 2.0 million common shares upon the commencement of commercial production.

As additional consideration, upon exercise of the Option, the Company will grant to the Optionor a 2.0% net smelter returns royalty (the "NSR") payable upon commencement of commercial production, and the Company may reduce the NSR by one-half (to a 1.0% NSR) upon the payment at any time of $2.0 million to the Optionor.

NOTE 13 – OPTION ON MAC PROPERTY (Continued)

The one million shares identified in 2.a. above were issued in May 2023 and were valued at $0.03 per share.

In January 2023, Mr. Kelly Funk, who is related to the Optionor, joined the board of directors of the Company.