KALMA CAPITAL CORP.

(A CAPITAL POOL COMPANY)

FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2023

(Expressed in Canadian Dollars)

(unaudited)

NOTICE OF NO AUDITOR REVIEW OF 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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. 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.

The accompanying unaudited interim financial statements of Kalma Capital Corp. for the six months ended June 30, 2023 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

(Expressed in Canadian Dollars)

	Note	As at June 30, 2023 $	As at December 31, 2022 $
ASSETS			
Current assets			
Cash		244,785	35,945
Amounts receivable		8,671	5,582
Deferred financing costs	3	-	51,785
Prepaid expenses		-	1,333
TOTAL ASSETS		**253,456**	**94,645**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	4	35,749	23,537
TOTAL LIABILITIES		**35,749**	**23,537**
SHAREHOLDERS' EQUITY			
Share capital	3	363,333	195,010
Reserve	3	67,829	17,873
Deficit		(213,455)	(141,775)
TOTAL SHAREHOLDERS' EQUITY		**217,707**	**71,108**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**253,456**	**94,645**
Incorporation and nature of business	1		

These condensed interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Luc Pelchat Director **/s/ Peter Hawley Director**

(Expressed in Canadian Dollars)

		For the three months ended		For the six months ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	Note	$	$	$	$
Expenses					
Bank charges		205	193	401	394
Legal fees		1,333	-	1,333	25,867
Office		51	77	100	149
Professional fees	4	20,463	2,450	29,267	12,250
Regulatory and filing fees		13,448	1,353	13,448	6,386
Share-based payments	3	27,131	-	27,131	-
Total loss and comprehensive loss		**62,631**	**4,073**	**71,680**	**45,046**
Basic and diluted loss per share for the period attributable to common shareholders		(0.02)	(0.00)	(0.02)	(0.01)
Weighted average number of common shares outstanding - basic and diluted		4,263,936	4,000,200	4,132,797	4,000,200

(Expressed in Canadian Dollars)

		Share capital		Reserves			
	Note	Number of shares	Amount $	Options $	Warrant $	Deficit $	Total Shareholders' Equity $
Balance as at December 31, 2022	**3**	**4,000,200**	**195,010**	**17,873**	**-**	**(141,775)**	**71,108**
Shares issued for cash - private placement	3	3,000,000	300,000	-	-	-	**300,000**
Share issue costs	3	-	(108,852)	-	-	-	**(108,852)**
Fair value of finders' warrants	3	-	(22,825)	-	22,825	-	**-**
Share-based payments	3	-	-	27,131	-	-	**27,131**
Net loss		-	-	-	-	(71,680)	**(71,680)**
Balance as at June 30, 2023		**6,790,200**	**363,333**	**45,004**	**22,825**	**(213,455)**	**217,707**

Balance as at December 31, 2021	**3**	**4,000,200**	**195,010**	**17,873**	**-**	**(57,334)**	**155,549**
Net loss for the period		-	-	-	-	(45,046)	**(45,046)**
Balance as at June 30, 2022		**4,000,200**	**195,010**	**17,873**	**-**	**(102,380)**	**110,503**

(Expressed in Canadian Dollars)

	Note	For the six months ended June 30, 2023 $	For the six months ended June 30, 2022 $
Cash flows from OPERATING ACTIVITIES			
Net loss		(71,680)	(45,046)
Adjustments for items not affecting cash:			
Share-based payments		27,131	-
Change in non-cash working capital			
Amounts receivable		(3,089)	(2,524)
Prepaid		1,333	27,904
Accounts payable and accrued liabilities		12,212	(14,852)
Cash flow used in operating activities		**(34,093)**	**(34,518)**
FINANCING ACTIVITIES			
Proceeds from issuance of common shares, net of share issue costs	3	242,933	-
Cash flow from financing activities		**242,933**	**-**
Increase (decrease) in cash		**208,840**	**(34,518)**
Cash, beginning of period		**35,945**	**136,523**
Cash, end of period		**244,785**	**102,005**
Supplementary cash flow information			
Fair value of finders' warrants		22,825	-
Cash paid during the period for interest		-	-
Cash paid during the period for income taxes		-	-

1. INCORPORATION AND NATURE OF BUSINESS

Kalma Capital Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on March 9, 2021 and as of the Listing Date (as defined below) is classified as a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4.

The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced commercial operations and has no non-current assets. Given the nature of the activities, no separate segmented information is reported. The Company's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to $3,000 per month may be used for reasonable general and administrative expenses of the Company. These restrictions apply until completion of a QT by the Company as defined under the policies of the Exchange Policy 2.4.

On June 23, 2023 (the "Listing Date"), the Company listed on the TSX-V under the symbol "KALM.P".

On the Listing Date, the Company completed its initial public offering ("IPO") of 3,000,000 common shares at $0.10 per share for gross proceeds of $300,000 and was listed on the TSX Venture Exchange as a CPC. Haywood Securities Inc. (the "Agent") acted as agent for the IPO (Note 3).

The head office and the registered head office of the Company is located at Suite 480, 1500 West Georgia Street Vancouver, B.C. V6G 2Z6. On August 25, 2023 the Board of Directors approved the unaudited condensed interim financial statements for the six months ended June 30, 2023.

These unaudited condensed interim 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 for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise adequate financing to acquire and develop its business interests, and to commence profitable operations in the future. At June 30, 2023, the Company has not generated any revenues, had working capital of $217,707 and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance with International Financial Reporting Standards

These unaudited condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

Basis of Presentation

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2022.

New accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2023 that impacted these unaudited condensed interim financial statements.

3. SHARE CAPITAL

Authorized share capital

- Unlimited number of common shares without par value.

Issued share capital

At June 30, 2023 and December 31, 2022, the Company had 7,000,200 common shares issued and outstanding (June 31, 2022 – 4,000,200).

During the six months ended June 30, 2023:

- As discussed in Note 1, on the Listing Date, the Company completed its IPO by issuing 3,000,000 common shares at $0.10 per share for gross proceeds of $300,000. In connection with the IPO, the Company paid a commission of 10% of the IPO proceeds ($30,000), a corporate finance fee of $10,500 and issued 300,000 warrants ("Finder's Warrants") to the Agent. Each Finder's Warrant entitles the Agent to purchase one common share at an exercise price of $0.10 per share for a period of five years.

  The Company estimated the fair value of Finder's Warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 3.84%, an expected life of 5 year, an expected volatility of 100% and an expected dividend yield of 0%, which totaled $22,825, and recorded these values as share issuance costs.

  In addition, the Company incurred $68,352 in share issuance costs of which $51,785 was paid during the year ended December 31, 2022.

During the six months ended June 30, 2022, no share capital transactions occurred.

(Expressed in Canadian Dollars)

3. SHARE CAPITAL

Escrowed Shares

All common shares of the Company acquired in the secondary market prior to the completion of a QT by non-arm's length parties, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be subject to escrow.

As at June 30, 2023, 7,000,200 issued and outstanding common shares are held in escrow pursuant to the requirements of the Exchange.

Warrants

The changes in warrants during the six months ended June 30, 2023 as follows:

	June 30, 2023	
	Number outstanding	**Weighted average exercise price ($)**
Balance, beginning of period	-	-
Issued	300,000	0.10
Balance, end of period	**300,000**	**0.10**

The following summarizes information about warrants outstanding and exercisable at June 30, 2023:

Expiry date	Exercise price ($)	Warrants outstanding	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
June 23, 2028	0.10	300,000	22,825	4.99

Options

Options may be granted for a maximum term of ten years from the date of the grant. They are non-transferable and are exercisable as determined by the Directors when the option is granted. Options expire within 12 months of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option. The stock option plan is subject to regulatory approval.

Any shares issued upon exercise of the options prior to the Company entering into a QT will be subject to escrow restrictions.

(Expressed in Canadian Dollars)

3. SHARE CAPITAL (CONTINUED)

Options (continued)

On June 23, 2023, the Company granted 300,000 options with an exercise price of $0.10 to the directors and officers of the Company. The options are exercisable for a period of ten years. All of the options granted vested immediately at the date of grant.

No options were granted, exercised or cancelled during the six months ended June 30, 2022.

The estimated grant date fair value of the options granted during the six months ended June 30, 2023 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Number of options granted	300,000
Risk-free interest rate	3.44%
Expected annual volatility	100%
Expected life (in years)	10.00
Expected dividend yield	0%
Grant date fair value per option ($)	0.09
Share price at grant date ($)	0.10

During the six months ended June 30, 2023, the Company recognized share-based payments expense of $27,131 and $nil, respectively.

The following summarizes information about stock options outstanding and exercisable at June 30, 2023:

Expiry date	Exercise price ($)	Options outstanding	Options exercisable	Estimated grant date fair value ($)	Weighted average remaining contractual life (in years)
October 1, 2031	0.05	400,200	400,200	17,873	8.26
June 23, 2033	0.10	300,000	300,000	27,131	9.98
		700,200	**700,200**	**45,004**	**9.00**

4. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its Executive Officers and Directors. Other related parties to the Company include companies in which key management have control or significant influence.

During the six months ended June 30, 2023, the Company incurred accounting fees of $11,523 for services provided by an accounting firm whose senior manager is an officer of the Company (June 30, 2022 – $9,750). As at June 30, 2023, $3,175 is included in accounts payable and accrued liabilities for these services (December 31, 2022 – $1,075).

During the six months ended June 30, 2023, the Company recognized share-based payments expense of $27,131 related to the options granted to the directors and officers of the Company (June 30, 2022 – $nil).

There were no other transactions with related parties and no remuneration was paid to key management personnel during the six months ended June 30, 2023 and 2022.

5. CAPITAL MANAGEMENT

The Company defines its components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages its 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 capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

The Company's investment policy is to keep its cash on deposit in an interest-bearing Canadian chartered bank account. There have been no changes to the Company's approach to capital management at any time during the six months ended June 30, 2023. The Company is not subject to externally imposed capital requirements.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to $3,000 per month may be used for reasonable general and administrative expenses of the Company. These restrictions apply until completion of a QT by the Company pursuant to Policy 2.4 of the TSX-V.

6. FINANCIAL INSTRUMENTS

Fair value

Financial instruments are classified into one of the following categories: FVTPL, amortized cost and FVTOCI.

The carrying values of cash, amounts receivable, accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

(Expressed in Canadian Dollars)

6. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value (continued)

Level 1: Unadjusted quoted prices 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 that are not based on observable market data.

As at June 30, 2023 and December 31 2022, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 1, 2 and 3 in the fair value hierarchy above.

Set out below are the Company's financial assets and liabilities by category:

	June 30, 2023	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash	244,785	-	244,785	-
Amounts receivable	8,671	-	8,671	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	(35,749)	-	(35,749)	-

	December 31, 2022	FVTPL $	Amortized costs $	FVTOCI $
Financial assets:				
ASSETS				
Cash	35,945	-	35,945	-
Amounts receivable	5,582	-	5,582	-
Financial liabilities:				
LIABILITIES				
Accounts payable and accrued liabilities	(23,537)	-	(23,537)	-

6. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management

Credit risk
Credit risk is the risk of an unexpected loss if a third party to a financial instrument fails to meet its contractual obligations. The Company manages its credit risk through its counterparty ratings and credit limits.

The Company's cash are primarily held through large Canadian financial institutions.

The total cash and amounts receivable represent the maximum credit exposure. The Company limits its credit risk exposure by holding cash with reputable financial institutions with high credit ratings. The Company's amounts receivable balance is not significant and does not represent significant credit exposure as it is principally due from the Government of Canada.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

As at June 30, 2023, the Company had cash of $244,785 and accounts payable and accrued liabilities of $35,749. All accounts payable and accrued liabilities are current.

Market risk
The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

Interest Rate risk
Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash. The Company is not exposed to significant interest rate risk relating to its cash.

Foreign Currency risk
The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. All transactions incurred during the six months ended June 30, 2023 and balances of the monetary assets and liabilities as of June 30, 2023 are denominated in Canadian dollars; as a result, management believes that the Company is not subject to any significant foreign exchange risk.

Commodity price risk
The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is not exposed to significant other price risk.