



INFLECTION RESOURCES LTD.
An exploration stage company

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2021 AND 2020
(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, *Continuous Disclosure Obligations*, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Inflection Resources Ltd. (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 the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

Inflection Resources Ltd.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Notes	March 31, 2021	September 30, 2020
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 1,264,603	\$ 4,054,221
Other receivables		94,988	105,081
Prepaid expenses and deposits		45,156	26,200
Total current assets		1,404,747	4,185,502
Non-current assets			
Refundable security deposits	5, 6	314,201	216,671
Exploration and evaluation assets	6, 9	5,149,573	3,178,558
TOTAL ASSETS		\$ 6,868,521	\$ 7,580,731
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7, 9	\$ 345,262	\$ 495,882
Total liabilities		345,262	495,882
SHAREHOLDERS' EQUITY			
Share capital	8	8,119,518	8,118,449
Reserve	8	1,056,059	875,697
Deficit		(2,652,318)	(1,909,297)
Total shareholders' equity		6,523,259	7,084,849
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 6,868,521	\$ 7,580,731

Nature of operations and going concern – Note 1
Subsequent events – Note 12

APPROVED ON BEHALF OF THE BOARD ON MAY 31, 2021:

"Alistair Waddell"

"Cecil Bond"

DIRECTOR

DIRECTOR

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

Inflection Resources Ltd.
Condensed Interim Consolidated Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Notes	Three months ended March 31,		Six months ended March 31,	
		2021	2020	2021	2020
Expenses					
Consulting fees	9	\$ -	\$ 58,013	\$ 29,574	\$ 107,513
Investor communication		95,305	1,676	152,496	1,879
Office and miscellaneous		26,322	48,209	44,657	80,842
Listing and filing fees		29,188	-	65,687	-
Professional fees		13,007	54,866	52,155	66,996
Salaries and benefits	9	125,956	45,262	240,365	49,133
Share-based compensation	8, 9	102,111	42,727	180,781	42,727
Total expenses		391,889	250,753	765,715	349,090
Other items					
Foreign exchange (gain) loss		(11,109)	2,414	(12,461)	5,087
Interest income		(2,928)	(4,931)	(10,233)	(4,931)
Net loss and comprehensive loss		\$ 377,851	\$ 248,236	\$ 734,021	\$ 349,246
Loss per share – basic and diluted		\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding – basic and diluted		57,359,215	36,430,779	57,355,900	36,430,779

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

Inflection Resources Ltd.
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited - Expressed in Canadian dollars, except share amounts)

	Number of Shares	Share Capital	Share Subscriptions Received	Reserve	Deficit	Total
Balance, September 30, 2019	31,130,001	\$ 2,546,501	\$ 280,200	\$ 372,827	\$ (871,910)	\$ 2,327,618
Shares issued for private placements	12,033,183	2,647,300	(280,200)	-	-	2,367,100
Share issue costs	-	(49,349)	-	-	-	(49,349)
Share-based compensation	-	-	-	42,727	-	42,727
Net loss for the period	-	-	-	-	(349,246)	(349,246)
Balance, March 31, 2020	43,163,184	\$ 5,144,452	\$ -	\$ 415,554	\$ (1,221,156)	\$ 4,338,850
Balance, September 30, 2020	57,355,714	\$ 8,118,449	\$ -	\$ 875,697	\$ (1,909,297)	\$ 7,084,849
Shares issued for Option exercises	1,000	369	-	(169)	-	200
Shares issued for exercise of Agent Options	1,800	700	-	(250)	-	450
Share-based compensation	-	-	-	180,781	-	180,781
Net loss for the period	-	-	-	-	(743,021)	(743,021)
Balance, March 31, 2021	57,358,514	\$ 8,119,518	\$ -	\$ 1,056,059	\$ (2,652,318)	\$ 6,523,259

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

Inflection Resources Ltd.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	For the six months ended	
	March 31,	March 31,
	2021	2020
Operating activities		
Net loss for the period	\$ (743,021)	\$ (349,246)
Non-cash items:		
Share-based compensation	180,781	42,727
Changes in non-cash working capital items:		
Other receivables	10,093	(218)
Prepaid expenses and deposits	(18,956)	(50,830)
Accounts payable and accrued liabilities	(150,620)	25,888
Net cash flows used in operating activities	\$ 721,723	\$ (331,679)
Investing activities		
Additions to exploration and evaluation assets	(1,971,015)	(333,945)
Cash paid on acquisition of Romardo Copper, net	-	(12,271)
Payment of refundable security deposits	(97,732)	(17,848)
Net cash flows used in investing activities	\$ (2,068,747)	\$ (364,064)
Financing activities		
Proceeds on issuance of Common Shares, net	-	2,317,751
Exercise of Agent Options	450	
Exercise of Options	200	
Net cash flows provided by financing activities	\$ 650	\$ 2,317,751
Effective on foreign exchange	202	9,149
Change in cash and cash equivalents	(2,789,618)	1,631,157
Cash and cash equivalents, beginning of period	4,054,221	455,290
Cash and cash equivalents, end of period	\$ 1,264,603	\$ 2,086,447
Cash and cash equivalents consist of:		
Cash	\$ 1,264,603	\$ 86,447
Redeemable GIC	-	2,000,000
	\$ 1,264,603	\$ 2,086,447

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

Inflection Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Inflection Resources Ltd. ("Inflection" or the "Company") was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on May 9, 2017, and its principal business activity is the exploration and evaluation of mineral properties located in New South Wales and Queensland, Australia. The Company's head office and registered and records office address is Suite 1100 – 595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5. The Company's common shares ("Common Shares") were listed for trading on the Canadian Securities Exchange (the "CSE") on July 21, 2020.

The business of mining exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue and has significant cash requirements to meet its administrative overhead, pay its debts and liabilities, and maintain its exploration and evaluation assets. The recoverability of amounts shown for exploration and evaluation assets is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. The carrying value of the Company's exploration and evaluation assets may not reflect current or future values.

These unaudited condensed interim consolidated financial statements for the three- and six-month periods ended March 31, 2021 and 2020 (the "Interim Financial Statements") have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. As at March 31, 2021, the Company has not yet achieved profitable operations, incurred a net loss of \$751,140 and has an accumulated deficit of \$2,660,437. The ability of the Company to continue as a going concern and meet its commitments as they become due, including exploration of its exploration and evaluation assets, is dependent on the Company's ability to obtain the necessary financing. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses and the statement of financial position classifications used. Such adjustments could be material.

In March 2020 the World Health Organization declared coronavirus COVID-19 ("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. As of the date these financial statements are issued, COVID-19 has had minimal impact on the Company's ability to access and explore its current properties but may impact the Company's ability to raise money or explore its properties should travel restrictions in Australia be extended or expanded in scope. 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.

2. BASIS OF PRESENTATION

Statement of compliance

The Interim Financial Statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. The Interim Financial Statements should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2020 (the "Annual Financial Statements"), which were prepared in accordance with International Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Except as described in Note 3, the Company uses the same accounting policies and methods of computation as in the Annual Financial Statements.

Basis of consolidation and presentation

These Interim Financial Statements incorporate the financial statements of the Company and its wholly-owned subsidiaries, Australian Consolidated Gold Holdings Pty Ltd, ACGH II Pty Ltd and Romardo Copper (NSW) Pty Ltd ("Romardo Copper"), each of which is incorporated in Australia. The financial statements of Romardo Copper are included in the consolidated financial statements from February 11, 2020, the date on which control was transferred to the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances have been eliminated.

Inflection Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)**Basis of consolidation and presentation** (continued)

These Interim Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

These Interim Financial Statements have been prepared using accounting policies consistent with those used in the Annual Financial Statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these Interim Financial Statements requires management to make certain estimates, judgments and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period.

Although management used historical experience and its best knowledge of the amount, events or actions to form the basis for judgements and estimates, actual results could differ from these estimates.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which has the most significant effect on the amounts recognized in the consolidated financial statements.

- i) **Going concern assumption:** In determining whether it is appropriate for the Company to be reported as a going concern, management exercises judgement, having undertaken appropriate enquiries and having considered the business activities, principal risks and uncertainties.
- ii) **Functional currency:** Determination of functional currency involves certain judgments to determine the primary economic environment and the parent entity reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.
- iii) **Recoverability of exploration and evaluation assets:** The Company capitalizes mining property acquisition and exploration costs which are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. The carrying value of the Company's mineral property is reviewed by management at least annually, or whenever events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.
- iv) **Leases as a result of adopting IFRS 16, *Leases ("IFRS 16")*:** Accounting for leases applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Company will need to apply judgement on certain factors, including whether the supplier has substantive substitution rights, whether the Company obtains substantially all of the economic benefits and who has the right to direct the use of that asset.

IFRS 16 requires that lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The standard defines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds that would be necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment

Inflection Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)*Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Valuation of shares issued in non-cash transactions.

Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

ii) Provision for environmental rehabilitation

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

iii) Inputs used in the valuation of share-based payments

The assumptions used in the calculation of value of share-based payments are inherently uncertain. The resulting value calculated is not necessarily the value that the holder of the equity compensation could receive in an arm's length transaction, given that there is no market for stock options to purchase Common Shares ("Options"), Agent Options (Note 8(d)), or share purchase warrants ("Warrants"), and they are not transferable (Note 8(c)). Changes in these assumptions could materially affect the estimated fair values.

iv) Recognition of deferred tax assets.

The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

The Company provides for such differences, where known, based on management's best estimate of the probable outcome of these matters.

Inflection Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

5. REFUNDABLE SECURITY DEPOSITS

The Company holds refundable security deposits, each representing a mineral property exploration license held with the Government of New South Wales Department of Planning and Environment as follows:

	AI Project	Northern NSW Project	Total
October 1, 2019	\$ 48,396	\$ 107,253	\$ 155,649
Additions	-	60,726	60,726
Foreign exchange adjustment	(671)	967	296
September 30, 2020	\$ 47,725	\$ 168,946	\$ 216,671
Additions	-	96,917	96,917
Foreign exchange adjustment	135	478	478
March 31, 2021	\$ 47,860	\$ 266,341	\$ 314,201

Pursuant to the determination to relinquish the rights to certain licences (Note 6(b)), four of the AI Project deposits were recovered subsequent to period end.

6. EXPLORATION AND EVALUATION ASSETS

On December 31, 2017, the Company entered into an assignment agreement with OCP Holdings Ltd. (formerly, Ore Capital Partners Ltd., "OCP"), a related party, whereby the rights and obligations of certain agreements were assigned to the Company in exchange for 15,895,000 Common Shares with a fair value of \$500,000 based on the expenditures previously incurred by OCP.

The exploration properties subject to these agreements encompass the Artificial Intelligence ("AI") Project, the Northern New South Wales ("NNSW") Project, and an optioned interest in the Carron Project.

The consideration was allocated as follows: \$127,413 to refundable security deposits acquired (Note 5); \$120,036 to the NNSW Project; \$95,214 to the Carron Project; and \$157,337 to the AI Project.

The Company's exploration and evaluation assets consisted of cumulative expenditures incurred, net of impairment charges, as follows:

	Northern NSW Project	Carron Project	AI Project	Total
<i>Acquisition costs:</i>				
Balance, October 1, 2019	\$ 424,869	\$ 95,214	\$ 217,337	\$ 737,420
Additions:	100,544	-	-	100,544
Balance, September 30, 2020	525,413	95,214	217,337	837,964
Additions:	-	-	-	-
Balance, March 31, 2021	\$ 525,413	\$ 95,214	\$ 217,337	\$ 837,964

Inflection Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

	Northern NSW Project	Carron Project	AI Project	Total
<i>Deferred exploration costs:</i>				
Balance, October 1, 2019	\$ 785,087	\$ 149,785	\$ 292,844	\$ 1,227,716
Additions for the year:				
Geological services (Note 9)	358,122	58,502	51,285	467,909
Drilling & assays	295,337	-	18,731	314,068
Claim management fees	129,863	10,424	17,014	157,301
Administration and maintenance	136,221	1,484	3,549	141,254
Equipment	91,759	-	-	91,759
Geophysics	8,527	1,103	-	9,631
Total additions	\$ 1,019,830	\$ 75,513	\$ 90,579	\$ 1,181,922
Write-down of exploration assets	-	-	(69,044)	(69,044)
Total additions, net of write-down	1,019,830	75,513	21,535	1,116,878
Balance, September 30, 2020	\$ 1,804,917	\$ 221,298	\$ 314,379	\$ 2,340,594
Additions for the period:				
Geological services (Note 9)	316,894	61,801	-	378,695
Drilling & assays	1,136,418	208,532	-	1,344,950
Claim management fees	86,635	-	115	86,749
Administration and maintenance	112,270	25,558	-	137,829
Geophysics	27,733	19,277	-	47,009
Total additions for the period:	1,679,949	315,168	115	1,995,232
Balance, March 31, 2021	\$ 3,460,648	\$ 536,466	\$ 314,495	\$ 4,311,609
Total, September 30, 2020	\$ 2,330,330	\$ 316,512	\$ 531,716	\$ 3,178,558
Total, March 31, 2021	\$ 3,986,061	\$ 631,680	\$ 531,832	\$ 5,149,573

a) Northern New South Wales Project (Northern New South Wales)

The Northern New South Wales ("NNSW") project consists of twenty 100%-owned exploration licenses located in the Lachlan Fold Belt region of New South Wales, Australia.

Acquired NNSW licences

On December 31, 2017, the Company took assignment of a Binding Term Sheet (the "Term Sheet") dated June 6, 2017 under which the Company acquired 100% interest in eleven exploration licenses and applications (the "Acquired NNSW licences") in Northern New South Wales, Australia. The Term Sheet was subsequently superseded in an agreement dated July 1, 2018 (together the "NNSW Agreements"), which amended the terms for the acquisition of the licenses.

Consideration, pursuant to the NNSW Agreements, is as follows:

1. On July 1, 2018, the Company issued 2,805,000 Common Shares (with a fair value of \$280,500).
2. The Company made combined payments of AUD 205,000 upon the execution of the Term Sheet and towards the cost of acquiring the licenses, and a further AUD 25,000 in August 2020.
3. A success fee of AUD 55,000 pursuant to the successful listing of the Common Shares on the CSE.

The Company shall pay a 2% net smelter returns ("NSR") royalty to the Vendor from any future production, of which the Company may purchase 1% for AUD 3,000,000 at any time.

6. EXPLORATION AND EVALUATION ASSETS (continued)

a) Northern New South Wales Project (Northern New South Wales) (continued)

The Company has been awarded three grants from the Government of NSW's New Frontiers Cooperative Drilling Program (the "NFCDP Grants"). The Company is eligible to recover up to AUD 139,685 in eligible expenditures incurred on three of the NNSW projects licenses. As of March 31, 2021, the Company was deemed eligible to recover AUD 25,090 (\$24,218) pursuant to the NFCDP Grants. The amount has been recognized in Accounts Receivable at March 31, 2021 and reduces the carrying value of the Northern New South Wales Project.

Romardo Copper

On February 11, 2020, the Company completed the acquisition of 100% of the issued and outstanding shares of Romardo Copper, a private Australian company which owns 100% of the rights, title and interest in two exploration licenses located in New South Wales, Australia (the "Romardo Licences"). The Company considers the Romardo Licences to be part of the Northern New South Wales Project.

The Romardo Licences are subject to a 2% NSR of which the Company may purchase 1% for AUD 2,000,000 at any time, and the Company has the right of first refusal to purchase any royalty interest offered for sale by consideration payable in cash.

In addition, the Company has the following contingent payments payable at its discretion upon attainment of certain milestones on the Romardo Licences:

- i. AUD 500,000 is payable in cash or Common Shares upon completion of a pre-feasibility study;
- ii. AUD 2,000,000 is payable in cash or Common Shares upon completion of a feasibility study; and
- iii. AUD 6,000,000 is payable upon the Company's decision to commence construction of a commercial mine.

b) AI Project (New South Wales)

On December 31, 2017, the Company took assignment of an Exploration Alliance Agreement (the "Alliance Agreement") dated May 1, 2017, whereby the Company acquired the rights from the licencing counterparty (the "Licensor") to use proprietary neural network data for a specified period to assist in targeting potential projects, each a "Project Area", in the Lachlan Fold Belt located in New South Wales, Australia for a three year term ending May 1, 2020 (the "License Period"). The License Period was extended to July 31, 2021 by an amending agreement dated, July 29, 2020.

The Company has also agreed to pay the Licensor the following consideration solely at the discretion of the Company:

1. a fee of USD 10,000 for any Project Area selected by the Company, as defined in the Agreement, within seven days of the Project Area becoming effective.
2. a fee equal to 5% of all expenditures incurred on any Project Area, as defined in the Agreement.
3. For each mine established within a Project Area, the Licensor will receive a 2.0% NSR royalty, of which the Company may purchase 0.5% for USD 1,000,000 at any time.

Subsequent to the License Period and until May 1, 2023, the Company may acquire an interest in a mineral property within the area covered by the proprietary data by paying a 5% fee on all quarterly exploration expenditures incurred on the specified property; payable at the Company's election in either cash or Common Shares. After May 1, 2023, the Company may acquire an interest in a mineral property within the area covered by the proprietary data with no further compensation to the Licensor.

Since taking assumption of the Alliance Agreement, the Company acquired five exploration licenses using the proprietary data; none of which have been designated a Project Area. During the year ended September 30, 2020, the Company relinquished rights to four of the exploration licenses further to a decision not to continue with exploration thereon; accordingly, \$69,044 was written off. The fifth license remains in good standing as of March 31, 2021.

c) Carron Project (Queensland)

On December 31, 2017, the Company took assignment of an Exploration Farm-In Agreement dated March 15, 2017, as amended December 20, 2018 and November 22, 2019 (the "Farm-In Agreement"). Pursuant to the Farm-In Agreement, the Company may earn up to a 100% participating interest to acquire, explore and develop an exploration license known as the Carron Project in Queensland, Australia.

Inflection Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended March 31, 2021 and 2020
(Unaudited - Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

c) Carron Project (Queensland) (continued)

The Company earned an initial 50% participating interest (the "Stage 1 Earn-in") in the Carron Project further to an amending agreement, dated November 22, 2019 (the "Initial Earn-in Date"), whereby the Company and the counterparty to the Farm-In Agreements (the "Optionor") agreed to recognize i) expenditures incurred as of September 30, 2019 of no less than AUD 297,172, including the completion of an airborne magnetics survey, and (ii) the reimbursement to the Optionor of an amount of AUD 50,000 for costs incurred by the Optionor, as satisfying the Stage 1 Earn-in.

The Farm-In Agreement also provides for incremental farm-in levels by incurring additional expenditures at the discretion of the Company, as follows:

1. The Company may earn a further 20% interest to bring its participation interest to 70% if it elects within three years of the Initial Earn-in Date to incur a further AUD 1,000,000 in mineral exploration expenditures, with a substantial portion being the cost of drilling (the "Stage 2 Earn-in").

As at March 31, 2021, the Company continued to incur expenditures toward the Stage 2 Earn-in. All expenses recognized are those incurred by the Company.

2. Following the Stage 2 Earn-in, the Company may elect at its sole discretion to complete a further earn-in (the "Stage 3 Earn-in") as either:
 - i) Acquire a further 30% interest to bring its interest to 100% by issuing a number of Common Shares to the Optionor based on a formula determined by an independent valuator; or
 - ii) Acquire a further 20% interest to bring its participation interest to 90% by completing a feasibility study. Where the Company achieves a Stage 3 Earn-in to a 90% interest, the Company shall enter into a royalty agreement with the Optionor. Within 60 days of the Stage 3 Earn-in Date, the Optionor may elect to contribute to expenditures in proportion to its 10% participating interest in a bankable feasibility study, and if the Optionor does not make such election, then its 10% interest shall be converted into a 2% NSR royalty.

On September 4, 2020, the Company received approval for a drilling grant in the value of up to AUD 72,000 from the State of Queensland to be applied towards the drill program (the "QLD Grant"). As of March 31, 2021, the Company had not yet recovered any amount pursuant to the QLD Grant.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2021	September 30, 2020
Accounts payable	\$ 337,732	\$ 491,212
Accrued liabilities	7,530	4,670
	\$ 345,262	\$ 495,882

Included in accounts payable and accrued liabilities at March 31, 2021 is \$177,228 (September 30, 2020 - \$205,613) due to related parties (Note 9).

8. SHARE CAPITAL

Authorized:

Unlimited number of Common Shares without par value.

a) Share Issuances

As at March 31, 2021, 57,358,514 Common Shares (September 30, 2020: 57,355,714) were issued and outstanding (Note 12(a)); 16,346,251 (2019 – nil) of which were held in escrow.

Inflection Resources Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

a) Share Issuances (continued)

Share capital transactions were as follows:

Six months ended March 31, 2021

Pursuant to the exercise of 1,000 Options at an exercise price of \$0.20, the Company issued 1,000 Common Shares on October 24, 2020.

On February 3, 2021, 1,800 Agent Options with an exercise price of \$0.25 were exercised resulting in the issuance of 1,800 Common Shares and 900 Warrants with an exercise price of \$0.40 for gross proceeds of \$720 (Note 8(d)).

Six months ended March 31, 2020

On December 19, 2019, the Company closed the first tranche of a private placement financing consisting of 5,768,638 units at \$0.22 for total gross proceeds of \$1,269,100. Each unit consists of one Common Share and one Common Share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one Common Share at a price of \$0.30 and is exercisable until June 19, 2022. The Company paid a cash finder's fee of \$35,153 in connection with the first tranche of the private placement. On January 31, 2020, the Company closed the final tranche of the private placement

On December 19, 2019, the Company also issued 3,456,818 Warrants with the same terms as above to the subscribers of a private placement that closed April 5, 2019 to equal out the equity instruments issued under each placement.

On January 31, 2020, the Company closed the final tranche of the private placement consisting of 6,264,545 units at \$0.22 for total gross proceeds of \$1,378,200. Each share purchase warrant entitles the holder to acquire one common share at a price of \$0.30 and is exercisable until July 31, 2022. A 6% commission comprised of \$14,196 cash was paid on \$214,500 of the final tranche.

b) Stock Options

The Company has a stock option plan under which it is authorized to grant Options of up to a maximum of 10% of the number of issued and outstanding Common Shares to executive officers, directors, employees and consultants enabling the holder to acquire Common Shares. Vesting is at the discretion of the Board of Directors. In the absence of a vesting schedule, such Options shall vest immediately.

During the six months ended March 31, 2021, the Company recognized \$180,781 (2020 - \$42,727) in share-based compensation for the Options vested during the period. The value of which is captured in the equity reserves account until such time as the Options are exercised, upon which the corresponding amount will be transferred to share capital.

On October 2, 2020, the Company granted 250,000 Options to an officer of the Company. The Options awarded have an exercise price of \$0.47, vest six-months from the date of the award, and expire on October 1, 2025.

On October 24, 2020, 1,000 options with an exercise price of \$0.20 were exercised.

On November 24, 2020, the Company granted 100,000 Options to an employee of the Company. The Options awarded have an exercise price of \$0.40, vest six-months from the date of the award, and expire on November 24, 2025.

On March 8, 2021, the Company granted 200,000 Options to an employee of the Company. The Options awarded have an exercise price of \$0.34, vest six-months from the date of the award, and expire on March 8, 2026.

Inflection Resources Ltd.

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(Unaudited - Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

b) Stock Options (continued)

The Company had outstanding Options enabling the holders to acquire Common Shares as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, October 1, 2019	2,010,000	\$ 0.20
Granted	2,280,000	0.33
Outstanding, September 30, 2020	4,290,000	\$ 0.27
Granted	550,000	0.40
Exercised	(1,000)	0.20
Outstanding, March 31, 2021	4,839,000	\$ 0.275
Exercisable, March 31, 2021	4,139,000	\$ 0.29

At March 31, 2021, the remaining average contractual life of Options outstanding is 3.33 years.

The weighted average fair value of Options granted during the six months ended March 31, 2021, determined using Black-Scholes was \$0.355 (weighted average fair value to date: \$0.185) per Option.

The Company applies the fair value method in accounting for its stock options applying the Black-Scholes Option Pricing Model using the following estimates:

	March 31, 2021
Weighted average risk-free rate	0.52%
Weighted average expected life of Options	4.68 years
Weighted average expected annualized volatility	125%
Weighted average expected dividend rate	-

For the purposes of estimating the fair value of options using Black-Scholes, certain assumptions are made such as expected dividend yield, volatility of the market price of the Common Shares, risk-free interest rates and expected average life of the Options. The Company's bases its expectation of volatility on the volatility of similar publicly-listed companies, as the expected life of the Options exceeds the trading history of the Common Shares.

As at March 31, 2021, the following Options were outstanding:

Expiry Date	Number of Options	Weighted Average Exercise Price	Weighted Average Exercise Period
August 26, 2022	300,000	\$ 0.55	1.41
March 21, 2024	2,009,000	\$ 0.20	2.97
March 10, 2025	1,980,000	\$ 0.30	3.95
October 2, 2025	250,000	\$ 0.47	4.51
November 24, 2025	100,000	\$ 0.40	4.66
March 8, 2026	200,000	\$0.34	4.94
	4,839,000	\$ 0.275	3.33

Inflection Resources Ltd.

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8. SHARE CAPITAL (continued)

c) Warrants

Warrant transactions and the number of Warrants outstanding are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Outstanding, October 1, 2019	-	\$	-
Issued	22,552,516		0.33
Exercised	(67,500)		0.40
Outstanding, September 30, 2020	22,485,016	\$	0.33
Issued	900		0.40
Exercised	-		-
Outstanding, March 31, 2021	22,485,916	\$	0.33

An amount of \$27,000 was recognized to share capital pursuant to the exercise of 67,500 PP Warrants during the year ended September 30, 2020.

The remaining contractual life of Warrants outstanding as at March 31, 2021 is 1.12 years.

As at March 31, 2021, the following Warrants were outstanding:

Expiry Date	Number of Warrants	Weighted Average Exercise Price \$	Weighted Average Exercise Period (Years)
January 17, 2022	6,995,915	0.40	0.80 ⁽¹⁾
June 19, 2022	9,225,456	0.30	1.22
July 31, 2022	6,264,545	0.30	1.33
	22,485,916	0.33	1.12

⁽¹⁾ If the closing price of the Common Shares on the CSE is equal to or greater than \$0.80 for any 10 consecutive trading days, the Company may, upon providing written notice to the holders of those Warrants issued on July 17, 2020 (the "IPO Warrants"), accelerate their expiry date to the date that is 30 days following the date of such written notice.

d) Agent Options

In connection with the closing of the Company's initial public offering ("IPO"), on July 17, 2020, the Company issued 1,120,000 non-transferable "Agent Options". The value of which (\$155,933, the equivalent to 8% of the units sold) has been allocated to share issuance costs for the IPO.

Each Agent Option is exercisable at \$0.25 until January 17, 2022 to acquire one Common Share and one-half of one non-transferable "Compensation Warrant". Each whole Compensation Warrant will be exercisable to purchase one Common Share at \$0.40 until January 17, 2022 subject to the same acceleration clause as the IPO Warrants (Note 8(c)). The value of the Agent Options was determined using the Black-Scholes Option Pricing Model with a risk-free rate of 0.27%, volatility factor of 125%, 0% dividend and an expected life of eighteen months.

	Number of Agent Options		Weighted Average Exercise Price
Outstanding, October 1, 2019	-	\$	-
Issued	1,120,000		0.25
Exercised	(125,030)		0.25
Outstanding, September 30, 2020	994,970	\$	0.25
Issued	-		-
Exercised	(1,800)		0.25
Outstanding, March 31, 2021	993,170	\$	0.25

Inflection Resources Ltd.

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9. RELATED PARTY TRANSACTIONS

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

a) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the President and Chief Executive Officer (the "CEO"), the Chief Financial Officer (the "CFO"), the Vice President, Exploration (the "VPEX"), and the Corporate Secretary. Key management personnel compensation is comprised of the following:

	For the six months ended	
	March 31, 2021	March 31, 2020
Consulting	\$ 5,500	\$ 88,500
Geological consulting capitalized (Note 6)	47,381	110,446
Salaries, benefits and directors' fees (Note 6)	226,514	41,450
Share-based compensation	49,301	42,727
	\$ 328,696	\$ 255,100

The amount for salaries, benefits and directors' fees includes \$78,000 in directors' fees for the six months ended March 31, 2021 (2019 - \$nil), all of which is payable at March 31, 2021 (September 30, 2020: \$nil). As at March 31, 2021, \$nil (September 30, 2020: \$12,589) in salaries (net of required payroll withholdings) was payable to key management.

The Company and the CEO entered into an employment agreement effective January 1, 2020. The CEO had previously been remunerated pursuant to a consulting agreement with Waddell Consulting Inc. ("Waddell"), a company controlled by the CEO. During the six months ended March 31, 2021, an amount of \$nil (2020: \$45,000) was paid to Waddell for management and geological consulting services, of which \$nil (2020: \$22,500) was capitalized to the value of the exploration and evaluation assets as geological services (Note 6). As at March 31, 2021, \$31,500 (September 30, 2019: \$31,500) was payable to Waddell (paid in full subsequent to period end).

During the six months ended March 31, 2021, an amount of \$nil (September 30, 2020 - \$5,775) was due to Cariboo Sky Consulting Ltd. ("Cariboo"), a company controlled by the former CFO of the Company.

The Company and the VPEX entered into an employment agreement effective January 1, 2020. The VPEX had previously been remunerated pursuant to a consulting agreement with Swensson Integrated Resource Management ("Swensson"). During the six months ended March 31, 2021, an amount of AUD 49,500 (\$47,381) was charged to the Company by Swensson and capitalized to exploration and evaluation assets as geological services (2020 - \$65,446). As at March 31, 2021, AUD 16,500 (\$15,794) was payable to Swensson (September 30, 2019: AUD 18,150 (\$17,324)).

The Company and the Corporate Secretary entered into an employment agreement effective September 1, 2020. The Corporate Secretary had previously been remunerated pursuant to a consulting services agreement. During the six months ended March 31, 2021, an amount of \$nil (2020 - \$11,250) was charged to the Company for services pursuant to that consulting agreement.

b) Other Related Party Transactions

The following transactions with related parties not disclosed elsewhere in the financial statements occurred.

The Company was party to a Strategic Consulting Agreement with OCP dated July 1, 2018 that was amended on September 1, 2019, and terminated on February 29, 2020. OCP holds approximately 25.7% of the outstanding Common Shares, and shares a common director. As compensation for the services provided, the Company paid a monthly fee of \$10,000 from July 1, 2018 until August 31, 2019, and a monthly fee of \$5,000 from September 1, 2019 until the termination of the agreement on February 29, 2020. During the six months ended March 31, 2021, an amount of \$nil (2019 - \$30,000) was invoiced by OCP to the Company pursuant to the consulting agreement. As at March 31, 2021, \$64,771 (September 30, 2019: \$140,000) was payable to OCP; and paid in full subsequent to period end.

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10. SEGMENTED INFORMATION

Reportable segments are those operations whose operating results are reviewed by the chief operating decision maker, being the individual(s) at Inflection making decisions about resources to be allocated to a particular segment, and assessing performance provided those operations pass certain quantitative thresholds.

The Company undertakes administrative activities in Canada, and is engaged in the acquisition, exploration, and evaluation of certain mineral property interests in Australia. Accordingly, the Company's operations are in two geographic and only one commercial segments. The Company is in the exploration stage and accordingly, has no reportable segment revenues.

The net loss is distributed by geographic segment per the tables below:

	For the six months ended March 31,			
	2021		2020	
Canada	\$	728,578	\$	334,607
Australia		14,443		14,640
	\$	743,021	\$	349,247

The Company's assets are distributed by geographic segment, as per the table below:

	March 31, 2021				
	Canada		Australia		Total
Current assets	\$	1,285,012	\$	119,735	\$ 1,404,747
Refundable security deposits		-		314,201	314,201
Exploration and evaluation assets		-		5,149,573	5,141,454
Total assets	\$	-	\$	5,583,509	\$ 6,860,402

	September 30, 2020				
	Canada		Australia		Total
Current assets	\$	4,056,834	\$	128,668	\$ 4,185,502
Refundable security deposits		-		216,671	216,671
Exploration and evaluation assets		-		3,178,558	3,178,558
Total assets	\$	4,056,834	\$	3,523,897	\$ 7,580,731

11. FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors is provided with updates from management as to changes in perceived risks, and is responsible for approving and monitoring risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in a bank account held with a major bank in Canada. The risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company has secondary exposure to credit risk on its receivables. This risk is minimal as receivables consist primarily of refundable goods and services taxes.

Foreign Exchange Risk

The significant market risk to which the Company is exposed is foreign exchange risk. The results of the Company's operations are exposed to currency fluctuations. To date, the Company has raised funds entirely in Canadian dollars. The majority of the Company's mineral property expenditures will be incurred in Australian dollars. The fluctuation of the Canadian dollar relation to the AUD will consequently have an impact upon the financial results of the Company.

The Company has not entered into any derivative contracts to manage foreign exchange risk at this time. A significant portion of the Company's cash balance may be held in AUD in any given period.

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Notes to the Condensed Interim Consolidated Financial Statements

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11. FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)*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 from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company assessed its liquidity risk as high.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As the only interest-bearing financial instruments held by the Company consist of short-term Guaranteed Investment Certificates held with major bank in Canada, the Company is not exposed to any significant interest rate risk.

Capital Management

The Company defines its capital as shareholders' equity. It manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is dependent upon external financing or the sale of assets to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The approach to capital management has not changed since the prior year, and the Company is not subject to externally imposed capital requirements.

12. SUBSEQUENT EVENTS*a. Private Placement Financing*

On May 14, 2021, the Company announced that it had completed a non-brokered private placement (the "Offering") raising gross proceeds of \$4,437,490 through the sale of 13,867,156 units (the "Units") priced at \$0.32 per Unit. Each Unit consists of one common share and one half of one share purchase warrant, with each whole warrant exercisable into one further common share at a price of \$0.50 for a term of two years.

Finders' fees of \$158,832 cash and 468,225 broker warrants exercisable at \$0.32 per common share for a one-year term were paid on a portion of the Offering.

The proceeds from the Offering will be used for further drilling on the Company's exploration projects in Northern New South Wales, the Carron Project in Queensland and for general working capital.

All securities issued are restricted from trading until September 15, 2021.