INFLECTION RESOURCES LTD.

An exploration stage company

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2022 AND 2021

(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, 2022		September 30, 2021
ASSETS					
Current assets					
Cash and cash equivalents		$	1,670,837	$	3,538,297
Receivables	6(a)		93,631		62,203
Prepaid expenses and deposits			24,520		75,834
Total current assets			**1,788,988**		**3,676,334**
Non-current assets					
Refundable security deposits	5		402,652		323,419
Exploration and evaluation assets	6, 9		7,209,802		5,986,879
TOTAL ASSETS		**$**	**9,401,442**	**$**	**9,986,632**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	7, 9	$	175,232	$	233,463
Total liabilities			**175,232**		**233,463**
SHAREHOLDERS' EQUITY					
Share capital	8		12,375,454		12,375,454
Reserve	8		1,235,137		1,213,265
Deficit			(4,384,381)		(3,835,550)
Total shareholders' equity			**9,226,210**		**9,753,169**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**9,401,442**	**$**	**9,986,632**

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

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS (the "Board") on May 30, 2022:

"Alistair Waddell" — DIRECTOR

"Cecil R. Bond" — 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,	
		2022	**2021**	**2022**	**2021**
Expenses					
Salaries and benefits	9	140,316	125,956	275,782	240,365
Investor communication		36,806	95,305	103,381	152,496
Office and miscellaneous		42,148	26,322	73,684	44,657
Professional fees		9,927	13,007	51,226	52,155
Listing and filing fees		6,561	29,188	28,666	65,687
Share-based compensation	8, 9	19,293	102,111	21,872	180,781
Consulting fees (recovery)	9	$ (6,000)	$ -	$ 4,500	$ 29,574
Total expenses		**249,051**	**391,889**	**559,111**	**765,715**
Other items					
Foreign exchange (gain) loss		7,930	(11,109)	(7,603)	(12,461)
Interest income		(1,163)	(2,928)	(2,677)	(10,233)
Net loss and comprehensive loss		**$ 255,818**	**$ 377,851**	**$ 548,831**	**$ 734,021**
Loss per share – basic and diluted		**$ 0.00**	**$ 0.01**	**$ 0.01**	**$ 0.01**
Weighted average number of common shares outstanding – basic and diluted		**71,270,670**	**57,359,215**	**71,270,670**	**57,355,900**

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		Reserve		Deficit		Total
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
Balance, September 30, 2021	71,270,670	$	12,375,454	$	1,213,265	$	(3,835,550)	$	9,753,169
Share-based compensation	-		-		21,872		-		21,872
Net loss for the period	-		-		-		(548,831)		(552,158)
Balance, March 31, 2022	**71,270,670**	**$**	**12,375,454**	**$**	**1,235,137**	**$**	**(4,384,381)**	**$**	**9,226,210**

Share capital – Note 8

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, 2022	March 31, 2021
Operating activities		
Net loss for the period	$ (548,831)	$ (743,021)
Non-cash items:		
Share-based compensation	21,872	180,781
Changes in non-cash working capital items:		
Other receivables	(31,428)	10,093
Prepaid expenses and deposits	51,314	(18,956)
Accounts payable and accrued liabilities	(58,232)	(150,620)
Net cash flows used in operating activities	$ **(565,304)**	$ **(721,723)**
Investing activities		
Additions to exploration and evaluation assets	(1,258,378)	(1,971,015)
Receipt of government grant	6,247	-
Change in working capital attributable to government grant	29,208	-
Payment of refundable security deposits, net	(72,103)	(97,732)
Net cash flows used in investing activities	$ **(1,295,026)**	$ **(2,068,747)**
Financing activities		
Exercise of Agent Options	-	450
Exercise of Options	-	200
Net cash flows provided by financing activities	$ **-**	$ **650**
Effect of foreign exchange	(7,130)	202
Change in cash and cash equivalents	(1,867,460)	(2,789,618)
Cash and cash equivalents, beginning of period	3,538,297	4,054,221
Cash and cash equivalents, end of period	**$ 1,670,837**	**$ 1,264,603**

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

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 1210 – 1130 West Pender Street, Vancouver, British Columbia, Canada, V6E 4A4. 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.

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 Interim Financial Statements are issued, COVID-19 has not had a significant impact on the Company's ability to access and explore its property interests. 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.

Recent events in Europe prompted by the conflict in Ukraine, and the response from multiple countries, corporations and governmental agencies may have far reaching impacts on commodity prices, foreign currency exchange rates, and the price of publicly traded companies. The uncertainty and increasing volatility of the situation in Europe, and consequentially in the capital markets may impact the Company's business and the ability to raise new capital.

These unaudited condensed interim consolidated financial statements for the three- and six-month periods ended March 31, 2022 and 2021 (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, 2022, the Company has not yet achieved profitable operations, had incurred a net loss of $548,831, and has an accumulated deficit of $4,384,381. 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 Interim 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.

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, 2021 (the "Annual Financial Statements"), which were prepared in accordance with International Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

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. All significant intercompany transactions and balances have been eliminated.

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 Interim 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 Interim 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.

The Company bases its assumptions and estimates on parameters available when the financial statements were prepared, and to the extent possible, bases its estimates on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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; uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

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 Interim 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 judgements 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) Accounting for mineral property interests: The Company capitalizes mineral 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 type and amount of exploration property acquisition and transaction costs eligible for capitalization can involve judgement to determine whether or not particular expenditures benefit, and enhance the mineral property interests.

The carrying value of the Company's mineral property interest is then also 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.

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, include: (i) provision for environmental rehabilitation; (ii) inputs used in the valuation of share-based payments; and (iii) the recognition of deferred tax assets.

Further information on management's judgments, estimates and assumptions and how they impact the various accounting policies are described in the relevant notes to these Interim Financial Statements.

(Unaudited - Expressed in Canadian dollars)

5. REFUNDABLE SECURITY DEPOSITS

As at March 31, 2022, and September 30, 2021, the Company held refundable security deposits as follows:

		AI Project		Northern NSW Project		Total
October 1, 2020	$	47,725	$	168,946	$	216,671
Additions/(recovery)		(37,428)		151,724		114,296
Foreign exchange		(1,135)		(6,413)		(7,548)
September 30, 2021	$	9,162	$	314,257	$	323,419
Additions		-		72,103		72,103
Foreign exchange		202		6,928		7,130
March 31, 2022	**$**	**9,364**	**$**	**393,288**	**$**	**402,652**

Refundable security deposits consist of the basic security deposit required on issuance of each exploration license, as well as additional deposits for environmental related bonding amounts. Basic security deposits are each valued at AUD 10,000 ($9,364) per claim held. Environmental related bonding amounts are based on the respective exploration license size and levels of disturbance contemplated under the specific exploration permit. Funds are held with either the Government of New South Wales, or the Government of Queensland.

Pursuant to the determination to relinquish the rights to certain licenses (Note 6(c)), the Company recovered four of the AI Project deposits during the year ended September 30, 2021; with recovery of the final Artificial Intelligence ("AI") Project deposit outstanding.

6. EXPLORATION AND EVALUATION ASSETS

The Company's exploration properties encompass the Northern New South Wales ("NNSW") Project, an optioned interest in the Carron Project, and the AI Project.

As at March 31, 2022, and September 30, 2021, the carrying values of the Company's exploration and evaluation assets including cumulative expenditures incurred, net of impairment charges, are as follows:

		NNSW Project (a)		Carron Project (b)		AI Project (c)		Total
Acquisition costs:								
Balance, October 1, 2020	$	525,413	$	95,214	$	217,337	$	837,964
Write-down of exploration assets:		-		-		(217,337)		(217,337)
Balance, September 30, 2021		525,413		95,214		-		620,627
Balance, March 31, 2022	**$**	**525,413**	**$**	**95,214**	**$**	**-**	**$**	**620,627**

(Unaudited - Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

		NNSW Project (a)		Carron Project (b)		AI Project (c)	Total
Deferred exploration costs:							
Balance, October 1, 2020	$	1,804,917	$	221,298	$	314,379	$ 2,340,594
Additions for the year:							
Drilling & assays		1,823,314		208,532		-	2,031,846
Geological services (Note 9)		647,424		93,519		1,427	742,370
Administration and maintenance		280,647		27,172		-	307,819
Claim management fees		252,230		19,734		5,476	277,440
Geophysics		73,556		20,653		-	94,209
Total additions		3,077,171		369,610		6,903	3,453,684
Write-down of exploration assets		-		-		(321,282)	(321,282)
Recovery of government grant		(38,312)		(68,432)		-	(106,744)
Balance, September 30, 2021	$	4,843,776	$	522,476	$	-	$ 5,366,252
Additions:							
Drilling & assays		337,335		180,284		-	517,619
Geological services (Note 9)		161,520		202,034		-	363,554
Administration and maintenance		100,862		50,966		-	151,828
Claim management fees		125,203		7,209		-	132,412
Geophysics		87,472		5,492		-	92,964
Total additions:		880,824		445,985		-	1,258,377
Recovery of government grant		(29,208)		(6,247)		-	(35,454)
Balance, March 31, 2022	**$**	**5,626,961**	**$**	**962,214**	**$**	**-**	**$ 6,689,175**
Total, September 30, 2021	$	5,369,189	$	617,690	$	-	$ 5,986,879
Total, March 31, 2022	**$**	**6,152,374**	**$**	**1,057,428**	**$**	**-**	**$ 7,209,802**

a) Northern New South Wales Project (NNSW Project)

The Company holds 100% interest in the NNSW Project located in the Lachlan Fold Belt region of New South Wales, Australia (the "LF Belt"). The NNSW Project includes multiple non-surveyed, non-contiguous exploration licenses ("EL") and EL applications acquired by the Company in 2018 (the "Acquired NNSW licenses"), a further two ELs (the “Romardo Licenses”) acquired in February 2020, and additional ELs staked by the Company directly.

There is a 2% net smelter return royalty ("NSR") on the Acquired NNSW licenses from any future production on the NNSW project, of which the Company may purchase 1% for AUD 3,000,000 at any time. The Romardo Licenses 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 at the Romardo Licenses:

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.

6. EXPLORATION AND EVALUATION ASSETS (continued)

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

With effect beginning September 2020, Inflection was awarded multiple grants from the Government of NSW's New Frontiers Cooperative Drilling Program (the "NFCDP Grants"), administered by the Geological Survey of NSW. As at March 31, 2022, the aggregate value of available funding under the NFCDP Grants was AUD 141,120 (September 30, 2021: AUD 40,309). Receipt of NFCDP grant funds, is through reimbursement of eligible expenditures. The Company had recovered AUD 40,309 ($38,312) pursuant to the NFCDP Grants during the year ended September 30, 2021; reducing the carrying value of the NNSW Project. An additional amount of $29,208 was receivable in the six months ended March 31, 2022.

b) Carron Project (Queensland)

On December 31, 2017, the Company took assignment of an Exploration Farm-In Agreement dated March 15, 2017, as subsequently amended (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.

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 Agreement (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:

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").

   Through March 31, 2022, the Company continued to incur expenditures toward the Stage 2 Earn-in.

2. Following the Stage 2 Earn-in, the Company may elect at its sole discretion to complete a further 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 (the "Stage 3 Earn-in"). 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.

During the year ended September 30, 2021, the Company recovered AUD 72,000 ($68,432) pursuant to a drilling grant from the State of Queensland. The amount received reduced the carrying value of the Carron Project. There was an additional amount of $6,247 (AUD 7,200) recovered in the six-months ended March 31, 2022.

c) AI Project (New South Wales)

On December 31, 2017, the Company took assignment of an Exploration Alliance Agreement (the "Alliance Agreement"), whereby the Company acquired the rights from the licensing counterparty (the "Licensor") to use an artificial intelligence model to develop exploration targets on a land package in the LFB during 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.

(Unaudited - Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

c) AI Project (New South Wales) (continued)

During the year ended September 30, 2020, the Company relinquished rights to four of the five exploration licenses further to a decision not to continue with exploration thereon, resulting in a write-down in that year of $69,044. During the year ended September 30, 2021, the Company determined to abandon the one remaining exploration license; resulting in the write-off of the remaining carrying value of the AI Project.

Although there were no further expenditures on the AI Project through the six-month period ended March 31, 2022, certain provisions of the Alliance Agreement remain in good standing, including the Company's right, through until May 1, 2023, to acquire an interest in a mineral property within the areas 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.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2022		September 30, 2021
Accounts payable	$	170,484	$	214,865
Accrued liabilities		4,748		18,598
	$	**175,232**	$	**233,463**

Included in accounts payable and accrued liabilities at March 31, 2022 is $31,494 (September 30, 2021 - $29,861) due to related parties (Note 9).

8. SHARE CAPITAL

a) Authorized:

Unlimited number of Common Shares without par value.

b) Share Issuances

Issued: as at March 31, 2022: 71,270,670 Common Shares (September 30, 2021: 71,270,670)

There were no issuances of Common Shares during the six-month period March 31, 2022.

In the comparative six month period, the Company issued: (i) 1,000 Common Shares on October 24, 2020, pursuant to the exercise of 1,000 stock options to purchase Common Shares ("Options") at an exercise price of $0.20, and (ii) 1,800 Common Shares and 900 Common Share purchase Warrants ("Warrants") on February 3, 2021, pursuant to the exercise of 1,800 Agent Options at $0.25 for gross proceeds of $720. The Warrants are exercisable at $0.40.

c) 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.

(Unaudited - Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

c) 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, 2020	4,290,000	$	0.27
Granted	550,000		0.40
Exercised[1]	(46,000)		0.20
Outstanding, September 30, 2021	4,794,000	$	0.29
Granted[2]	2,075,000		0.12
Forfeit[3]	(195,000)		0.258
Outstanding, March 31, 2022	**6,674,000**	**$**	**0.24**
Exercisable, March 31, 2022	**4,599,000**	**$**	**0.29**

[1] Weighted average share price on dates of exercise: $0.33.
[2] Awarded on March 2, 2022; six-month vesting.
[3] Forfeit on January 31, 2022 pursuant to the termination of a consulting agreement.

The following Options are outstanding at March 31, 2022:

Expiry Date	Number of Options	Weighted Average Exercise Price	Weighted Average Exercise Period
August 26, 2022	300,000	$ 0.55	0.41
March 21, 2024	1,909,000	$ 0.20	1.98
March 10, 2025	1,840,000	$ 0.30	2.95
October 1, 2025	250,000	$ 0.47	3.51
November 24, 2025	100,000	$ 0.40	3.66
March 8, 2026	200,000	$ 0.34	3.94
March 2, 2027	2,075,000	$ 0.12	4.92
	6,674,000	**$ 0.24**	**3.23**

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

	March 31, 2022	March 31, 2021
Weighted average risk-free rate	1.61%	0.52%
Weighted average expected life of Options	5.00	4.68 years
Weighted average expected annualized volatility	89.64%	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 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.

During the three and six months ended March 31, 2022, the Company recognized $19,293 and $21,872, respectively, in share-based compensation for the Options vested during the period (2021 - $102,111, and $180,781). 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.

(Unaudited - Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

d) Warrants

The number of Warrants outstanding are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Outstanding, October 1, 2020	22,485,016	$	0.33
Issued	7,312,703		0.49
Outstanding, September 30, 2021	29,797,719	$	0.37
Expired[1]	(6,995,915)		0.40
Outstanding, March 31, 2022	22,801,804	$	0.36

[1] On January 17, 2022, 6,995,915 Warrants with an exercise price of $0.40 expired unexercised

As at March 31, 2022, the following Warrants were outstanding (Note 12(a)):

Expiry Date	Number of Warrants	Weighted Average Exercise Price $	Weighted Average Exercise Period (Years)
May 14, 2022	378,225	0.32	0.12
June 19, 2022	9,225,456	0.30	0.22
July 31, 2022	6,264,545	0.30	0.33
May 14, 2023	6,933,578	0.50	1.12
	22,801,804	**0.36**	**0.52**

e) Agent Options

In connection with the closing of the Company's initial public offering and listing on the CSE on July 17, 2020, the Company issued 1,120,000 non-transferable "Agent Options", each exercisable to acquire one Common Share and one-half of one Warrant.

	Number of Agent Options		Weighted Average Exercise Price
Outstanding, October 1, 2020	994,970	$	0.25
Exercised[1]	(1,800)		0.25
Outstanding, September 30, 2021	993,170	$	0.25
Expired[1]	(993,170)		0.25
Outstanding, March 31, 2022	-	$	-

[1] The remaining 993,170 Agent Options expired unexercised on January 17, 2022.

f) Reserve

The reserves account consists of amounts recognized as share-based compensation expense until such time as the Options and Warrants are exercised, upon which the corresponding amount will be transferred to share capital.

g) Escrowed Shares

As at March 31, 2022, the Company held 9,828,001 (September 30, 2021 – 13,104,001) Common Shares in escrow.

(Unaudited - Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS

In addition to the officers and directors of the Company ("Key management personnel"), Inflection's related parties include (i) its subsidiaries; (ii) OCP Holdings Ltd. ("OCP") as a reflection of its approximate 20.7% ownership interest in the Company at March 31, 2022; and (iii) those legal entities noted below.

Key management personnel compensation is comprised of the following:

	For the six months ended	
	March 31, 2022	March 31, 2021
Salaries and benefits	$ 214,275	$ 226,514
Geological consulting capitalized (Note 6)	93,684	47,381
Salaries and benefits capitalized (Note 6)	19,800	-
Consulting	3,670	5,500
Share-based compensation (Note 8(c))	9,763	49,301
	$ 341,192	**$ 328,696**

An amount of $78,000 in directors' fees for the six months ended March 31, 2022 (2021 - $78,000) is included in "Salaries and benefits". A total of $19,800 (2021 - $nil) was capitalized to the value of the exploration and evaluation assets (Carron Project) as geological services.

The Company's Vice President – Exploration ("VPEx") is remunerated pursuant to an agreement with GeoInsite Pty Ltd ("GeoInsite") beginning with effect of February 1, 2022. Pursuant to the GeoInsite agreement, Mr. Menzies is paid AUD 17,000 on a monthly basis. During the six months ended March 31, 2022, an amount of AUD 36,061 ($33,090) was charged to the Company by GeoInsite and capitalized to exploration and evaluation assets as geological services (2021 - $nil).

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 he controls. A balance of $31,500 remained payable to Waddell at March 31, 2021 relating to services he had provided prior to the start of his direct employment. The amount was settled shortly thereafter, with no further amounts charged to the Company.

The Company's former VPEx (through January 2022) was remunerated pursuant to an agreement with Swensson Integrated Resource Management ("Swensson"). During the six months ended March 31, 2022, an amount of AUD 66,000 ($60,594) was charged to the Company by Swensson and capitalized to exploration and evaluation assets as geological services (2021 - AUD 49,500 ($47,381)). Mr. Swensson continues to serve as a director of the Australian entities and is remunerated at a monthly rate of AUD 2,000.

Although the agreement had terminated on February 29, 2020, an outstanding balance of $64,771 arising from consulting and management services provided by OCP remained payable at March 31, 2021. The amount was settled shortly thereafter, with no further amounts charged to the Company.

At March 31, 2022, $31,494 (September 30, 2021 - $29,861), was due to directors and officers of the Company (including amounts due to GeoInsite subsequent to Mr. Menzies' appointment to the position of VPEx), and included in accounts payable and accrued liabilities, for unpaid services, including salaries and director fees. These amounts are non-interest bearing and payable on demand (Note 7).

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

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 New South Wales and Queensland, 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. Mineral property interests and refundable security deposits are held in Australia, and cash is predominantly held in Canada.

10. SEGMENTED INFORMATION (continued)

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

	For the six months ended March 31,	
	2022	**2021**
Canada	$ 526,973	$ 728,578
Australia	21,858	14,443
	$ 548,831	**$ 743,021**

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

	March 31, 2022		
	Canada	**Australia**	**Total**
Current assets	$ 1,692,525	$ 96,463	$ 1,788,988
Refundable security deposits (Note 5)	-	402,652	402,652
Exploration and evaluation assets (Note 6)	-	7,209,802	7,209,802
Total assets	**$ 1,692,525**	**$ 7,708,917**	**$ 9,401,442**

	September 30, 2021		
	Canada	**Australia**	**Total**
Current assets	$ 3,409,456	$ 266,878	$ 3,676,334
Refundable security deposits (Note 5)	-	323,419	323,419
Exploration and evaluation assets (Note 6)	-	5,986,879	5,986,879
Total assets	$ 3,409,456	$ 6,577,176	$ 9,986,632

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.

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.

11. FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

Interest Rate Risk

Interest rate risk is the risk that fair value of 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 cash balances (and in comparative periods, short-term Government Investment Certificates) held with a major bank in Canada, the Company is not exposed to 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 EVENT

a. *Expiry of Warrants*

On May 14, 2022, 378,225 finders' Warrants with an exercise price of $0.30 issued in connection with a non-brokered private placement which closed on May 14, 2021, expired unexercised.