INFLECTION RESOURCES LTD.

An exploration stage company

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Inflection Resources Ltd.

Opinion

We have audited the consolidated financial statements of Inflection Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2022 and 2021, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describe events or conditions that indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

January 30, 2023

Inflection Resources Ltd.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	Notes		September 30, 2022		September 30, 2021
ASSETS					
Current assets					
Cash and cash equivalents	3(a)	$	1,759,333	$	3,538,297
Other receivables			21,271		62,203
Prepaid expenses and deposits			43,576		75,834
Total current assets			**1,824,180**		**3,676,334**
Non-current assets					
Refundable security deposits	5		358,833		323,419
Exploration and evaluation assets	6, 9		8,320,471		5,986,879
TOTAL ASSETS		**$**	**10,503,484**	**$**	**9,986,632**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	7, 9	$	72,538	$	233,463
Total liabilities			**72,538**		**233,463**
SHAREHOLDERS' EQUITY					
Share capital	8		14,001,518		12,375,454
Reserve	8		1,334,815		1,213,265
Deficit			(4,905,387)		(3,835,550)
Total shareholders' equity			**10,430,946**		**9,753,169**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**10,503,484**	**$**	**9,986,632**

Nature of operations and going concern – Note 1
Subsequent events – Note 13

APPROVED ON BEHALF OF THE BOARD ON JANUARY 30, 2023:

"Alistair Waddell" DIRECTOR

"Cecil R. Bond" DIRECTOR

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

Inflection Resources Ltd.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Notes		For the year ended September 30, 2022		For the year ended September 30, 2021
Expenses					
Salaries and benefits	9	$	544,693	$	502,823
Investor communication			177,898		295,801
Office and administrative			127,129		76,449
Share-based compensation	8, 9		121,550		285,501
Professional fees			69,118		70,338
Listing and filing fees			35,386		68,856
Depreciation expense	6		26,968		-
Consulting fees	9		4,500		37,082
Project generation			8,785		10,193
Total expenses			**1,116,027**		**1,347,043**
Other items					
Foreign exchange loss (gain)			(37,719)		53,470
Interest income			(8,471)		(12,879)
Write-down of exploration and evaluation assets	6		-		538,619
Total other items			(46,190)		579,210
Net loss and comprehensive loss		**$**	**1,069,837**	**$**	**1,926,253**
Loss per share – basic and diluted		**$**	**0.01**	**$**	**0.03**
Weighted average number of common shares outstanding – basic and diluted			**73,572,656**		**62,659,325**

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

Inflection Resources Ltd.
Consolidated Statements of Changes in Shareholders' Equity
(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 private placement	13,867,156		4,437,490		-		-		4,437,490
Share issue costs	-		(198,145)		60,077		-		(138,068)
Shares issued for exercise of Options	46,000		16,960		(7,760)		-		9,200
Shares issued for exercise of Agent Options	1,800		700		(250)		-		450
Share-based compensation	-		-		285,501		-		285,501
Net loss and comprehensive loss for the year	-		-		-		(1,926,253)		(1,926,253)
Balance, September 30, 2021	71,270,670		12,375,454		1,213,265		(3,835,550)		9,753,169
Shares issued for private placement	16,475,000		1,647,500		-		-		1,647,500
Share issue costs	-		(21,436)		-		-		(21,436)
Share-based compensation	-		-		121,550		-		121,550
Net loss and comprehensive loss for the year	-		-		-		(1,069,837)		(1,069,837)
Balance, September 30, 2022	**87,745,670**	**$**	**14,001,518**	**$**	**1,334,815**	**$**	**(4,905,387)**	**$**	**10,430,946**

Share capital – Note 8

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

Inflection Resources Ltd.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

		For the year ended September 30, 2022		September 30, 2021
Operating activities				
Net loss for the year	$	(1,069,837)	$	(1,926,253)
Non-cash items:				
Share-based compensation		121,550		285,501
Depreciation expense		26,968		-
Write-down of exploration and evaluation assets		-		538,619
Changes in non-cash working capital items:				
Other receivables		40,932		42,878
Prepaid expenses and deposits		32,258		(49,634)
Accounts payable and accrued liabilities		(160,925)		(262,419)
Net cash flows used in operating activities		**(1,009,054)**		**(1,371,308)**
Investing activities				
Additions to exploration and evaluation assets		(2,396,014)		(3,453,684)
Receipt of government grant		35,454		106,744
Payment of refundable security deposits, net		(58,227)		(114,296)
Net cash flows used in investing activities		**(2,418,787)**		**(3,461,236)**
Financing activities				
Proceeds on issuance of Common Shares		1,647,500		4,437,490
Proceeds from exercise of Options		-		9,200
Proceeds from exercise of Agent Options		-		450
Cash paid for share issue costs		(21,436)		(138,068)
Net cash flows provided by financing activities		**1,626,064**		**4,309,072**
Effect of foreign exchange		22,813		7,548
Change in cash and cash equivalents		(1,778,964)		(515,924)
Cash and cash equivalents, beginning of year		3,538,297		4,054,221
Cash and cash equivalents, end of year	**$**	**1,759,333**	**$**	**3,538,297**
Cash and cash equivalents consist of:				
Cash	$	1,730,583	$	3,538,297
Redeemable GIC		28,750		-
	$	**1,759,333**	**$**	**3,538,297**
Non-cash investing and financing activities:				
Equity issued as finders’ and agent fees	$	-	$	60,077

The accompanying notes are an integral part of these 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, V6E 4A4. The Company's common shares ("Common Shares") were listed for trading on the Canadian Securities Exchange on July 21, 2020.

The business of mineral 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, maintain and advance its exploration and evaluation assets, and to pay its debts and liabilities. The recoverability of amounts shown for exploration and evaluation properties 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.

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 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 consolidated financial statements for the years ended September 30, 2022 and 2021 (the "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 September 30, 2022, the Company has not yet achieved profitable operations, had incurred a net loss of $1,069,837 (2021 - $1,926,253), and has an accumulated deficit of $4,905,387 (2021 - $3,835,550). 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; consequently, management continues to pursue various financing alternatives to fund operations and advance its business plan.

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 to 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 Financial Statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of consolidation and presentation

The 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. 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 intercompany transactions and balances have been eliminated.

The 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, the Financial Statements have been prepared using the accrual basis of accounting except for cash flow information. The accounting policies set out in Note 3 have been applied consistently to all periods presented in these Financial Statements.

The Board of Directors of the Company (the "Board") authorized the Financial Statements on January 30, 2023.

3. MATERIAL ACCOUNTING POLICY INFORMATION

a. Cash and cash equivalents

Cash equivalents include short term deposits with an original maturity of three months or less and are readily convertible into a known amount of cash. As of September 30, 2022, the Company held $28,750 (2021 - $nil) in cash equivalents.

b. Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL.

For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification under IFRS 9, *Financial Instruments* ("IFRS 9"):

Financial assets / liabilities	Classification
Cash and cash equivalents	FVTPL
Receivables	Amortized cost
Accounts payable	Amortized cost

i) *Measurement*

Financial assets and liabilities at amortized cost: initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL: initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Debt investments at FVTOCI: subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI: subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

ii) *Impairment of financial assets at amortized cost*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognizes in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iii) *Derecognition*

Financial assets: The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities: The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

b. Financial instruments (continued)

Financial instrument disclosures – fair value hierarchy

The Company provides disclosures that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the date of the statement of financial position, and how the entity manages these risks. The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 — Unadjusted quoted prices (unadjusted) in active markets for identical assets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 — Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 — Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

c. Foreign currency translation

The presentation currency of the Company is the Canadian dollar. The functional currency for the parent entity and each of its subsidiaries is the currency of the primary economic environment in which each entity operates. Management have determined that the Company and its Australian subsidiaries have a Canadian dollar functional currency. References to Australian dollars denoted as "AUD", and United States' dollars as "USD".

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains and losses on translation are included in profit and loss.

d. Exploration and evaluation assets ("E&E")

Once the legal right to explore a property has been acquired, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling and assay costs and payments made to contractors during the exploration phase. Expenditures not directly attributable to E&E activities, including general and administrative overhead costs, are expensed in the period in which they occur. The costs are accumulated by exploration area and are not depleted pending determination of technical feasibility and commercial viability.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that mineral property purchase options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as E&E assets or recoveries when the payments are made or received.

The Company also recognizes and capitalizes the cost of capital equipment directly related to its mineral exploration properties as a component of E&E assets. Where the estimated useful life of such equipment is estimated to be less than the expected period of time to the potential commencement of production from the E&E asset the charges for depreciation are reflected in the statement of loss and comprehensive loss. Otherwise, charges for the depreciation of long-lived equipment used in exploration and evaluation activities are included in the cost of the E&E asset.

The carrying value of all categories of E&E assets are reviewed at least annually by management for indicators that the recoverable amount may be less than the carrying value. When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditures, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

e. Reclamation obligations

The Company records provisions for reclamation and remediation based on the best estimate of costs for reclamation activities that it is required to undertake, and the liability is recognized at fair value at the time such environmental disturbance occurs. The liability is accreted over time through periodic charges to the consolidated statements of comprehensive loss. In addition, the reclamation cost is capitalized as part of the mineral property's carrying value and, upon commercial production, will be amortized over the life of the related mineral property. The capitalized amount is depreciated on the same basis as the related asset. Reclamation costs are periodically adjusted to reflect changes in the estimated present value resulting from the passage of time and revisions to the estimates of either the timing or amount of the reclamation costs. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation costs. Changes in reclamation estimates are reflected in profit or loss in the period an estimate is revised. Estimated reclamation obligations are based on when spending for an existing disturbance is expected to occur. The Company reviews, on an annual basis, unless otherwise deemed necessary, the reclamation obligation for each of its exploration properties.

Based on the level of disturbance, the nature and timing of reclamation activity, and potential reclamation activities, the Company has not accrued any provision for reclamation as at September 30, 2022.

f. Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the assets are reviewed to determine whether there is any indication that those assets are impaired. Impairment is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The impairment loss is recognized in the profit or loss in the period the impairment is determined.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount had no impairment loss been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

g. Provisions and constructive obligations

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

h. Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. Common Shares, share purchase warrants ("Warrants"), stock options to purchase Common Shares ("Options"), and compensation options ("Agent Options") awarded in connection with the Company's initial public offering ("IPO") on July 17, 2020, are classified as equity instruments. Incremental costs directly attributable to the issue of new Common Shares are recognized as a deduction from equity.

Proceeds received on the issuance of units, consisting of common shares and warrants, are first allocated to the fair value of the common shares with any residual value then allocated to warrants. The fair value of the common shares is determined by the closing quoted bid price on the issue date. The balance, if any, is allocated to the attached warrants and recorded in reserves.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

i. Share-based payments

Where equity-settled Options are awarded to employees, the fair value of the Options at the date of grant is recognized in profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of Options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the Options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of Options are modified before they vest, the increase in the fair value of the Options, measured before and after the modification, is also charged to the profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of Common Shares. Amounts related to the issuance of Common Shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

All equity-settled share-based payments are reflected in the reserve, until exercised. Upon exercise, Common Shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. Where a grant of Options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

j. Income taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination or items recognized either in other comprehensive income or directly in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

k. Loss per share

Basic loss per Common Share is computed by dividing the net loss for the year by the weighted average number of Common Shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue Common Shares were exercised or converted to Common Shares. The treasury stock method is used to determine the dilutive effect of Options, Agent Options, and other dilutive instruments. Under the treasury stock method, the weighted average number of Common Shares outstanding used in the calculation of the diluted per share amount assumes that the deemed proceeds received from the exercise of Options, Warrants and their equivalents would be used to repurchase Common Shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of Options and Warrants is considered to be anti-dilutive.

l. Comprehensive loss

Comprehensive loss includes net income or loss and other comprehensive income or loss. Other comprehensive income or loss may include holding gains and losses on available-for-sale securities, gains and losses on certain derivative instruments and foreign gains and losses from self-sustaining foreign operations.

m. New accounting standards issued but not yet effective

The IASB has issued the following new standards and amendments to existing standards that will become effective in future years:

- Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts*, specifying costs an entity should include in determining the "cost of fulfilling" a potential onerous contract. The amendments are effective for annual periods beginning on or after January 1, 2022, and apply to contracts existing at the date when the amendments are first applied.
- Amendments to IFRS 3, *Business Combinations* - Updating a Reference to the Conceptual Framework, updating a reference to the Conceptual Framework. The amendments are effective for annual periods beginning on or after January 1, 2022.
- Amendments to IAS 1, *Presentation of Financial Statements* - Classification of Liabilities as Current or Noncurrent, clarifying requirements for the classification of liabilities as non-current. The effective date of the amendments was deferred to no earlier than January 1, 2024, but no final date has yet been set.
- Amendments to IAS 8, *Accounting Policies - Changes in Accounting Estimates and Errors*, clarifying the definition of "accounting policies" and "accounting estimates". The amendments are effective for annual periods beginning on or after January 1, 2023.
- Amendments to IAS 12, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, narrowing the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2023.

Certain other pronouncements have been issued by the IASB that are issued but not yet effective. There are currently no such pronouncements that are expected to have a significant impact on the Company's consolidated financial statements upon adoption.

For the amendments that are effective for annual periods beginning on or after October 1, 2022, the Company does not expect these amendments to have a material impact on its financial statements. For the amendments that are effective for annual periods on or after October 1, 2023, the Company is currently assessing the impact, if any, on its consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND RISKS

The preparation of the 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 year.

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 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) 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 exploration and evaluation assets 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, 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) 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.

ii) Inputs used in the valuation of share-based payments and Warrants

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 the Options or the Warrants. Changes in these assumptions could materially affect the estimated fair values (Note 8).

iii) 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 (Note 12).

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

(Expressed in Canadian dollars)

5. REFUNDABLE SECURITY DEPOSITS

As at September 30, 2022 and 2021, the Company held refundable security deposits, each representing a mineral property exploration license ("EL") held with the Governments of New South Wales and of Queensland as follows:

	NSW Project	AI Project	Total
October 1, 2020	$ 168,946	$ 47,725	$ 216,671
Additions/(recovery)	151,724	(37,428)	114,296
Foreign exchange	(6,413)	(1,135)	(7,548)
September 30, 2021	314,257	9,162	323,419
Additions/(recovery)	67,109	(8,882)	58,227
Foreign exchange	(22,533)	(280)	(22,813)
September 30, 2022	**$ 358,833**	**$ -**	**$ 358,833**

Refundable security deposits consist of the basic security deposit required on issuance of each EL, as well as additional deposits for environmental related bonding amounts. Basic security deposits are each valued at AUD 10,000 ($8,882) per EL held. Environmental related bonding amounts are based on the respective EL size and levels of disturbance contemplated under the specific exploration permit. From time to time the Company may increase the bonding it has in place, or, pursuant to having completed requisite remediation, see funds returned.

Pursuant to the determination to relinquish the rights to certain licenses (Note 6(c)), and upon having met the required remediation obligation, the Company recovered the final Artificial Intelligence ("AI") Project deposit in July 2022. The initial four AI Project deposits were recovered during the year ended September 30, 2021.

6. EXPLORATION AND EVALUATION ASSETS

The Company's exploration properties encompass the New South Wales ("NSW") Project, and an optioned interest in the Carron Project in north Queensland.

The carrying values of the Company's exploration and evaluation assets including cumulative expenditures incurred, net of impairment charges, are as follows:

	NSW Project (a)	Carron Project (b)	AI Project (c)	Total
Acquisition costs:				
Balance, September 30, 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, September 30, 2022	**$ 525,413**	**$ 95,214**	**$ -**	**$ 620,627**

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

	NSW 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:				
Drilling and 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 exploration grant	(38,312)	(68,432)	-	(106,744)
Balance, September 30, 2021	$ 4,843,776	$ 522,476	$ -	$ 5,366,252
Additions:				
Drilling and assays	887,315	197,666	-	1,084,981
Geological services (Note 9)	429,518	221,264	-	650,782
Claim management fees	236,488	32,504	-	268,992
Administration and maintenance	222,445	61,712	-	284,157
Geophysics	95,470	11,632	-	107,102
Total additions:	1,871,236	524,778	-	2,396,014
Accumulated depreciation of equipment	(26,968)	-	-	(26,968)
Recovery of exploration grant	(29,208)	(6,246)	-	(35,454)
Balance, September 30, 2022	**$ 6,658,836**	**$ 1,041,007**	**$ -**	**$ 7,699,844**
Total, September 30, 2021	$ 5,369,189	$ 617,690	$ -	$ 5,986,879
Total, September 30, 2022	**$ 7,184,249**	**$ 1,136,220**	**$ -**	**$ 8,320,471**

a) New South Wales Project (NSW Project)

The Company holds 100% interest in the NSW Project located in the Lachlan Fold Belt region of New South Wales, Australia (the "LF Belt"). The NSW Project includes multiple non-surveyed, non-contiguous ELs acquired by the Company in 2018 (the "Acquired NSW licenses"), two ELs (the “Romardo Licenses”) acquired in February 2020, and additional ELs staked by the Company directly. The Company has also reflected the value of certain depreciable vehicles and equipment in the carrying value of the NSW Project, reflective of the use of these assets, and the benefit to the project.

There is a 2% net smelter return royalty ("NSR") on the Acquired NSW licenses payable on future production from the NSW 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, in cash or Common Shares, upon attainment of certain milestones at the Romardo Licenses:

i. AUD 500,000 upon completion of a pre-feasibility study;
ii. AUD 2,000,000 upon completion of a feasibility study; and
iii. AUD 6,000,000 upon the Company’s decision to commence construction of a commercial mine.

Inflection has been approved for 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 September 30, 2022, the aggregate value of eligible funding allocated to the Company under the NFCDP Grants was AUD 141,120. Receipt of NFCDP grant funds is made by reimbursement of eligible expenditures, specifically, 50% of the first-pass direct drilling costs on specified NSW project licenses. Through to September 30, 2022, the Company has been awarded an aggregate of AUD 71,711 ($67,520) pursuant to the NFCDP Grants (year ended September 30, 2021: AUD 40,309 ($38,312)); reducing the carrying value of the NSW Project. There was no amount receivable at September 30, 2022 (Note 13(b)).

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

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 EL 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").

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 participating 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 September 30, 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"). Should the Company achieve 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 AUD 7,200 ($6,247) recovered in the year ended September 30, 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 LF Belt during a specified multi-year period.

During the year ended September 30, 2020, the Company relinquished rights to four of the five ELs 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 EL; resulting in the write-off of the remaining carrying value of the AI Project ($321,282).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		September 30, 2022		September 30, 2021
Accounts payable	$	35,677	$	214,865
Accrued liabilities		36,861		18,598
	$	**72,538**	$	**233,463**

Included in accounts payable and accrued liabilities at September 30, 2022 is $18,401 (September 30, 2021 - $31,040) 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 September 30, 2022: 87,745,670 Common Shares (September 30, 2021: 71,270,670)

Share capital transactions were as follows:

<u>Year ended September 30, 2022</u>

i) *2022 Financing*: On August 10, 2022, the Company closed a non-brokered private placement financing (the "2022 Financing"), issuing 16,475,000 units of the Company at a price of $0.10 per unit, with each unit comprised of one Common Share and one Warrant. The Warrants issued in the 2022 Financing are exercisable at a price of $0.15 per Common Share, and valid for a period of 24-months from the date of issuance. Inflection raised gross proceeds of $1,647,500 in the 2022 Private Placement, and paid share issue costs, including cash finders' fees of $21,436 in connection with the 2022 Financing.

Crescat Portfolio Management LLC ("Crescat") exercised its right to purchase additional Inflection securities described in Note 8(b)(ii) and, increased its proforma shareholding of the Company through its participation in the 2022 Financing.

Insiders of the Company, including Crescat, purchased an aggregate of 6,200,000 units ($620,000).

<u>Year ended September 30, 2021</u>

ii) *2021 Financing*: On May 17, 2021, the Company completed a private placement financing of units consisting of 13,867,156 units priced at $0.32 for total gross proceeds of $4,437,490 (the "2021 Financing"). Each unit consists of one Common Share and one half of a Warrant. Each whole Warrant entitles the holder to acquire one Common Share at a price of $0.50 and is exercisable for a term of 2 years from the date of issuance. The Company paid share issue costs, including cash finders' fees of $138,068 in connection with the private placement. In addition, the Company issued 378,225 Warrants exercisable at a price of $0.32 to certain finders ("Broker Warrants") in addition to the cash finders' fees. The Broker Warrants were valued at $60,077 and expired unexercised on May 14, 2022.

In connection with the 2021 Financing, the Company entered into an agreement providing Crescat the right to purchase additional Inflection securities (the "Participation Right") up to its Proportional Percentage. The Participation Right terminates on the date on which Crescat's ownership of Common Shares falls below 1% of the then outstanding Common Shares.

Directors and officers of the Company purchased an aggregate of 365,000 units ($116,800) in the 2021 Financing.

iii) *Exercise of Options*

- On October 27, 2020 the Company issued 1,000 Common Shares pursuant to the exercise of Options for gross proceeds of $200 (Note 8(c)).
- On April 16, 2021 the Company issued 45,000 Common Shares pursuant to the exercise of Options for gross proceeds of $9,000 (Note 8(c)).

iv) Exercise of Agent Options

- 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 proceeds of $450 (Note 8(e)). The Warrants subsequently expired unexercised.

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 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.

(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, September 30, 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
Expired	(300,000)		0.55
Forfeit[3]	(195,000)		0.27
Outstanding, September 30, 2022	**6,374,000**	**$**	**0.22**
Exercisable, September 30, 2022	**6,324,000**	**$**	**0.22**

[1] Weighted average share price on dates of exercise: $0.33.
[2] Awarded to directors, officers, employees, and certain consultants with an exercise price of $0.12, vesting six-months from the date of the award (or, twelve-months for Options issued to consultants providing investor relations services), expiring on March 2, 2027.
[3] Forfeit on January 31, 2022 pursuant to the termination of a consulting agreement.
[4] An additional 1,975,000 Options were awarded subsequent to year end (Note 13(a)).

The following Options are outstanding at September 30, 2022:

Expiry Date	Number of Options	Weighted Average Exercise Price	Weighted Average Exercise Period
March 21, 2024	1,909,000	$ 0.20	1.47
March 10, 2025	1,840,000	$ 0.30	2.44
October 1, 2025	250,000	$ 0.47	3.01
November 24, 2025	100,000	$ 0.40	3.15
March 8, 2026	200,000	$ 0.34	3.44
March 2, 2027	2,075,000	$ 0.12	4.42
	6,374,000	**$ 0.22**	**2.80**

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

	September 30, 2022	September 30, 2021
Weighted average risk-free rate	1.61 %	0.52%
Weighted average expected life of options	5 years	5 years
Weighted average expected annualized volatility	90%	125%
Weighted average expected dividend rate	-	-

For the purposes of estimating the fair value of options using the Black-Scholes Option Pricing Model, certain assumptions are made such as expected dividend yield, volatility of the market price of the Company's 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 Inflection's Options exceeds the trading history of the Common Shares.

During the year ended September 30, 2022, the Company recognized $121,550 (2021 - $285,501) in share-based compensation for the Options vested during the year. 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.

(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 on exercise of Agent Options (Note 8(b)(iv))	900		0.40
Issued in 2021 Financing (Note 8(b)(ii))	7,311,803		0.49
Outstanding, September 30, 2021	29,797,719		0.37
Issued in 2022 Financing (Note 8(b)(i))	16,475,000		0.15
Expired[1]	(22,864,141)		0.33
Outstanding, September 30, 2022	**23,408,578**	**$**	**0.25**

[1] On January 17, 2022, 6,995,915 Warrants with an exercise price of $0.40 expired unexercised; on May 14, 2022; 378,225 finders' Warrants with an exercise price of $0.32 issued in connection with 2021 Financing expired unexercised; on June 19, 2022, 9,225,456 Warrants with an exercise price of $0.30 expired unexercised; and on July 31, 2022, 6,264,545 Warrants with an exercise price of $0.30 expired unexercised.

As at September 30, 2022, the following Warrants were outstanding:

Expiry Date	Number of Warrants	Weighted Average Exercise Price $	Weighted Average Exercise Period (Years)
May 14, 2023	6,933,578	0.50	0.62
August 10, 2024	16,475,000	0.15	1.86
	23,408,578	**0.25**	**1.50**

e) Agent Options

In connection with the closing of the Company's IPO, 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[2]	(993,170)		0.25
Outstanding, September 30, 2022	**-**	**$**	**-**

[1] On February 3, 2021, 1,800 Agent Options were exercised resulting in the issuance of 1,800 Common Shares and 900 Warrants (Note 8(b)(iv)).
[2] 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 September 30, 2022, 6,552,001 Common Shares were subject to a regulatory escrow (2021 – 13,104,001). On January 23, 2023, 3,276,000 Common Shares were released from escrow, leaving a final 3,276,001 Common Shares in escrow until July 16, 2023.

(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 16.81% ownership interest in the Company at September 30, 2022; and (iii) those legal entities noted below to whom compensation is paid.

Key management personnel compensation is comprised of the following:

	For the year ended			
	September 30, 2022		September 30, 2021	
Salaries, benefits, and director fees	$	398,235	$	428,924
Geological consulting capitalized (Note 6)		212,753		188,187
Share-based compensation (Note 8(c))		78,993		98,602
Salaries and benefits capitalized (Note 6)		29,700		-
	$	**719,681**	**$**	**715,713**

An amount of $156,000 in directors' fees for the year ended September 30, 2022 (2021 - $160,106) is included in "salaries and benefits". A total of $29,700 (2021 - $nil) in salaries and benefits 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 a company he controls beginning with effect of February 1, 2022. Pursuant to this agreement, Mr. Menzies is paid AUD 17,000 on a monthly basis. During the year ended September 30, 2022, an amount of AUD 136,000 ($123,176) was charged to the Company by Mr. Menzies' company and capitalized to exploration and evaluation assets as geological services (2021 - $nil).

The Company's former VPEx (through January 2022) was remunerated pursuant to an agreement with a company he controls. During the year ended September 30, 2022, an amount of AUD 82,000 ($75,085) was charged to the Company by Swensson's company and capitalized to the NSW Project and the Carron project based on work performed and time incurred as geological services (2021 - AUD 198,000 ($188,187)). Mr. Swensson continues to serve as a director of the Australian entities. He is also remunerated as the Company's Qualified Person at a monthly rate of AUD 2,000.

At September 30, 2022, $18,401 (September 30, 2021 - $29,861), was payable to the individual directors and officers of the Company (including reimbursement of expenses) and is included in accounts payable and accrued liabilities. The comparative period balance also included charges of $29,861 for unpaid services, including salaries and director fees.

From time-to-time, Newquest Capital Inc. ("NewQuest"), a private company controlled by three of the Company's directors, facilitates access to certain third-party administrative services and supplies on an as-needed basis; the cost of which is typically allocated amongst Inflection and other entities sharing the same office space in Vancouver. NewQuest does not charge a fee to the Company, allocating all expenses at cost. A total of $13,631 was invoiced to Inflection during the year ended September 30, 2022 (September 30, 2021 - $15,126), of which $1,179 was payable at September 30, 2022 (September 30, 2021 - $1,338).

Amounts due from related parties are non-interest bearing and payable on demand (Note 7).

10. SEGMENTED INFORMATION

Reportable segments are those operations whose operating results are reviewed by the chief operating decision maker, being the individual(s) at the Company 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. 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 year ended September 30, 2022	For the year ended September 30, 2021
Canada	$ 1,033,041	$ 1,320,681
Australia	36,796	605,572
	$ 1,069,837	**$ 1,926,253**

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

September 30, 2022	Canada	Australia	Total
Current assets	$ 1,504,257	$ 319,923	$ 1,824,180
Refundable security deposits	-	358,833	358,833
Exploration and evaluation assets	-	8,320,471	8,320,471
Total assets	**$ 1,504,257**	**$ 8,899,227**	**$ 10,503,484**

September 30, 2021	Canada	Australia	Total
Current assets	$ 3,409,456	$ 266,878	$ 3,676,334
Refundable security deposits	-	323,419	323,419
Exploration and evaluation assets	-	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 approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. 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 are 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.

(Expressed in Canadian dollars)

11. FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

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 either higher-interest savings accounts, or short-term Guaranteed Investment Certificates held with major banks 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. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	September 30, 2022	September 30, 2021
Net loss	$ (1,069,837)	$ (1,926,253)
Statutory tax rate	27%	27%
Expected income tax recovery	(288,856)	(520,088)
Permanent differences	43,206	42,362
Prior year true up	(27,541)	(11,817)
Change in unrecognized deferred income tax assets	273,191	489,543
	$ -	**$ -**

The significant components of deferred income tax assets and liabilities as at September 30, 2022 and 2021, after applying enacted income tax rates, are as follows:

	September 30, 2022	September 30, 2021
Net operating loss carry forward	$ 958,398	$ 649,038
Share issuance costs	88,061	121,662
Exploration and evaluation assets	161,501	164,069
Unrecognized deferred income tax assets	(1,207,960)	(934,769)
	$ -	**$ -**

(Expressed in Canadian dollars)

12. INCOME TAXES (continued)

The Company has net operating losses which may be carried forward to apply against future year taxable income, subject to the final determination by taxation authorities, expiring in the following years:

		Non-capital Losses
2037	$	693
2038		95,051
2039		401,652
2040		698,910
2041		1,262,222
2042		1,091,095
	$	**3,549,623**

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at September 30, 2022, the Company has approximately $3,549,000 in non-capital losses that can be offset against taxable income in future years which begin expiring at various dates commencing in 2037. The potential future tax benefit of these losses has not been recorded as a full-future tax asset valuation allowance has been provided due to the uncertainty regarding the realization of these losses.

13. SUBSEQUENT EVENTS

a) Stock Options

On December 21, 2022 the Company granted 1,975,000 Options to directors, officers, employees and certain consultants to the Company. The Options are exercisable at $0.12, vest six months after the date of the grant, and expire on December 21, 2027.

Subsequent to year end, 124,000 Options were cancelled pursuant to the termination of certain consulting agreements

b) Additional New Frontiers Grant funding

Subsequent to year end, the Company was notified that it was eligible to receive up to AUD145,500 in additional exploration grant funding under the New Frontiers Exploration Program ("2023 Grant Funding").

The 2023 Grant Funding is made by reimbursement of eligible expenditures at the NSW Project's Duck Creek copper-gold alkalic porphyry target. AUD 100,000 was awarded for drilling and an additional AUD 45,500 was awarded for a MIMDAS geophysical survey.