INFLECTION RESOURCES LTD.

An exploration stage company

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2023 AND 2022

(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, 2023**		**September 30, 2022**
ASSETS					
Current assets					
Cash and cash equivalents		$	809,193	$	1,759,333
Receivables			46,970		21,271
Prepaid expenses and deposits			13,189		43,576
Total current assets			**869,352**		**1,824,180**
Non-current assets					
Refundable security deposits	5		291,732		358,833
Exploration and evaluation assets	6, 9		8,774,315		8,320,471
TOTAL ASSETS		**$**	**9,935,399**	**$**	**10,503,484**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	7, 9	$	58,578	$	72,538
Total liabilities			**58,578**		**72,538**
SHAREHOLDERS' EQUITY					
Share capital	8		14,001,518		14,001,518
Reserve	8		1,418,284		1,334,815
Deficit			(5,542,981)		(4,905,387)
Total shareholders' equity			**9,876,821**		**10,430,946**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**9,935,399**	**$**	**10,503,484**

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

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

"Alistair Waddell" "Cecil R. Bond"

DIRECTOR DIRECTOR

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

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

	Notes	Three months ended March 31, 2023	Three months ended March 31, 2022	Six months ended March 31, 2023	Six months ended March 31, 2022
Expenses					
Salaries and benefits	9	138,458	140,316	275,448	275,782
Share-based compensation	8, 9	72,932	19,293	83,469	21,872
Investor communication		63,643	36,806	113,434	103,381
Office and administrative		44,503	42,148	64,027	73,684
Listing and filing fees		26,332	6,561	30,307	28,666
Professional fees		19,902	9,927	78,837	51,226
Project generation		4,105	-	24,359	-
Depreciation expense	6	3,559	-	6,865	-
Consulting fees (recovery)		2,334	(6,000)	7,752	4,500
Total expenses		**375,768**	**249,051**	**684,498**	**559,111**
Other items					
Foreign exchange (gain) loss		441	7,930	(33,236)	(7,603)
Interest income		(5,497)	(1,163)	(13,668)	(2,677)
Total other items		(5,056)	6,767	(46,904)	(10,280)
Net loss and comprehensive loss		**$ 370,712**	**$ 255,818**	**$ 637,594**	**$ 548,831**
Loss per share – basic and diluted		**$ 0.00**	**$ 0.00**	**$ 0.01**	**$ 0.01**
Weighted average number of common shares outstanding – basic and diluted		**87,745,670**	**71,270,670**	**87,745,670**	**71,270,670**

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

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

	Number of Shares		Share Capital		Reserve		Deficit		Total
Balance, October 1, 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)		(548,831)
Balance, March 31, 2022	71,270,670	$	12,375,454	$	1,235,137	$	(4,384,381)	$	9,226,210
Balance, October 1, 2022	87,745,670	$	14,001,518	$	1,334,815	$	(4,905,387)	$	10,430,946
Share-based compensation	-		-		83,469		-		83,469
Net loss for the period	-		-		-		(637,594)		(637,594)
Balance, March 31, 2023	**87,745,670**	**$**	**14,001,518**	**$**	**1,418,284**	**$**	**(5,542,981)**	**$**	**9,876,821**

Share capital – Notes 8 and 12

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, 2023		March 31, 2022
Operating activities				
Net loss for the period	$	(637,594)	$	(548,831)
Non-cash items:				
Share-based compensation		83,469		21,872
Depreciation expense		6,865		-
Changes in non-cash working capital items:				
Receivables		(25,699)		(31,428)
Prepaid expenses and deposits		30,387		51,314
Accounts payable and accrued liabilities		(13,960)		(58,232)
Net cash flows used in operating activities	$	**(556,532)**	$	**(565,305)**
Investing activities				
Additions to exploration and evaluation assets		(460,709)		(1,258,378)
Receipt of government grant		-		6,247
Change in working capital attributable to government grant		-		29,208
Recovery (payment) of refundable security deposits, net		74,292		(72,103)
Net cash flows used in investing activities	$	**(386,417)**	$	**(1,295,026)**
Net cash flows provided by financing activities	$	**-**	$	**-**
Effect of foreign exchange		(7,191)		(7,130)
Change in cash and cash equivalents		(950,140)		(1,867,461)
Cash and cash equivalents, beginning of period		1,759,333		3,538,297
Cash and cash equivalents, end of period	**$**	**809,193**	**$**	**1,670,836**

Cash and cash equivalents consist of:				
Cash	$	530,443	$	1,607,837
Redeemable GIC		278,750		-
	$	**809,193**	**$**	**1,607,837**

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, 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 global events including the impacts remaining from the response to the coronavirus COVID-19 pandemic ("COVID-19"), concerns arising on the potential liquidity issues appearing in the US banking industry, and the conflict in Ukraine may have far reaching impacts on commodity prices, foreign currency exchange rates, and the price of publicly traded companies. The uncertainty and increasing volatility in the capital markets arising from these and other global events 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, 2023 and 2022 (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. Through the six months ended March 31, 2023, the Company has not yet achieved profitable operations, had incurred a net loss of $637,594 (2022 - $548,831), and as at March 31, 2023 has an accumulated deficit of $5,542,981 (September 30, 2022 - $4,905,387). 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 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, 2022 (the "Annual Financial Statements"), which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of consolidation and presentation

The 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., each of which is incorporated in Australia. All intercompany transactions and balances have been eliminated.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

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 are denoted as "AUD", and United States' dollars as "USD".

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

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND RISKS

The preparation of the 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.

Although management uses 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 have 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 as to the sufficiency of available capital, 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 in which each entity operates, and management reconsider the functional currency of the Company's entities if there is a change in events and conditions which determine 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. 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, include: (i) provision for environmental rehabilitation; (ii) inputs used in the valuation of share-based payments; and (iii) the recognition of deferred tax assets.

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

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, 2023 and September 30, 2022, the Company's refundable security deposits, each representing a mineral property exploration license ("EL"), including permitted disturbance thereon, are held with either the Governments of New South Wales, or of Queensland, as follows:

		NSW Project		AI Project		Total
October 1, 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
Additions/(recovery)		(74,292)		-		(74,292)
Foreign exchange		7,191		-		7,191
March 31, 2023	**$**	**291,732**	**$**	**-**	**$**	**291,732**

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 ($9,060) 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.

6. EXPLORATION AND EVALUATION ("E&E") ASSETS

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.

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 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)		Total
Acquisition costs:						
Balance, September 30, 2021	$	525,413	$	95,214	$	620,627
Balance, September 30, 2022		525,413		95,214		620,627
Balance, March 31, 2023	**$**	**525,413**	**$**	**95,214**	**$**	**620,627**

(Unaudited - Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

	NSW Project	Carron Project	Total
Deferred exploration costs:			
Balance, October 1, 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
Depreciation of equipment	(26,968)	-	(26,968)
Recovery of exploration grant	(29,208)	(6,246)	(35,454)
Balance, September 30, 2022	$ 6,658,836	$ 1,041,008	$ 7,699,844
Additions:			
Drilling and assays	5,340	-	5,340
Geological services (Note 9)	190,939	11,975	202,914
Claim management fees	154,286	17,632	171,918
Administration and maintenance	52,721	-	52,721
Geophysics	24,347	-	24,347
Total additions:	427,633	29,607	457,240
Depreciation of equipment	(3,395)	-	(3,395)
Balance, March 31, 2023	$ 7,083,074	$ 1,070,615	$ 8,153,689
Total, September 30, 2022	$ 7,184,249	$ 1,136,220	$ 8,320,471
Total, March 31, 2023	**$ 7,608,487**	**$ 1,165,828**	**$ 8,774,315**

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 (i) multiple ELs acquired by the Company in 2018 (the "Acquired NSW licenses"), (ii) two ELs (the “Romardo Licenses”) acquired in February 2020, and (iii) several 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"), and New Frontiers Exploration Program ("2023 Grant Funding"), both administered by the Geological Survey of NSW. As at March 31, 2023, the aggregate value of eligible funding allocated to the Company under the NFCDP Grants was AUD 141,120 (September 30, 2022: AUD 141,120), with an additional AUD 145,500 available pursuant to the 2023 Grant Funding for specific activities at the NSW Project’s "Duck Creek" target. Receipt of the NFCDP grant funds and the 2023 Grant Funding is made by reimbursement of 50% of the cost of specified eligible expenditures incurred.

An application has been submitted to the Government of NSW to extend the expiry period of the original NFCDP Grant through the end of 2023, with approval of such expected in due course.

6. EXPLORATION AND EVALUATION ASSETS (continued)

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

Through to March 31, 2023, the Company has been awarded and recovered an aggregate of AUD 71,711 ($67,520) pursuant to the NFCDP Grants (year ended September 30, 2022: AUD 71,711 ($67,520)); reducing the carrying value of the NSW Project. There was no amount receivable at March 31, 2023.

On February 22, 2023, the Company signed a non-binding Heads of Agreement with AngloGold Ashanti Australia Limited ("AngloGold") entitled, "Earn-in transactions on New South Wales Exploration Projects" (the "HOA") (Note 12(a)).

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 March 31, 2023, 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.

In aggregate through the year ended September 30, 2022, the Company recovered AUD 79,200 ($74,679) pursuant to a drilling grant from the State of Queensland. The amount received reduced the carrying value of the Carron Project. On March 14, 2023, the Company was awarded AUD 200,000 in eligible grant funding through the Queensland Government’s Collaborative Exploration Initiative. Funding is recovered under the grant by reimbursement of 100% of the cost of eligible expenditures to drill four specified holes at Carron.

(Unaudited - Expressed in Canadian dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2023		September 30, 2022
Accounts payable	$	58,200	$	35,677
Accrued liabilities		378		36,861
	$	**58,578**	$	**72,538**

Included in accounts payable and accrued liabilities at March 31, 2023 is $2,993 (September 30, 2022 - $18,401) 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, 2023: 87,745,670 Common Shares (September 30, 2022: 87,745,670)

Share capital transactions during the comparative periods were as follows:

<u>Six-months ended March 31, 2023</u>

There were no transactions or changes to the number of Common Shares issued in the six months ended March 31, 2023 (Note 12(a)(i)).

<u>Six-months ended March 31, 2022</u>

There were no transactions or changes to the number of Common Shares issued in the six months ended March 31, 2022.

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.

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.

(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, 2021	4,794,000	$	0.29
Granted[1,2,3]	2,075,000		0.12
Expired	(300,000)		0.55
Forfeit[5]	(195,000)		0.27
Outstanding, September 30, 2022	6,374,000	$	0.22
Granted[1,4]	1,975,000		0.12
Forfeit[6]	(199,000)		0.16
Outstanding, March 31, 2023	**8,150,000**	**$**	**0.20**
Exercisable, March 31, 2023	**6,175,000**	**$**	**0.22**

[1] Awarded to directors, officers, employees, and certain consultants with an exercise price of $0.12, and except as noted immediately below at footnote 2, vesting six-months from the date of the award.
[2] 100,000 of the 2,075,000 Options were granted to consultants providing investor relations services and vest over twelve months.
[3] Options expire on March 2, 2027, and have been valued using 89.64% volatility, a risk-free rate of 1.61%, expected life of 5 years and 0% dividend rate expectation.
[4] Options expire on December 21, 2027, and have been valued using 103.48% volatility, a risk-free rate of 3.04%, expected life of 5 years and 0% dividend rate expectation.
[5] 195,000 Options forfeited on January 31, 2022, pursuant to the termination of a consulting agreement.
[6] 199,000 Options forfeited in November and December 2022 pursuant to the termination of certain consulting agreements.

The following Options are outstanding at March 31, 2023:

Expiry Date	Number of Options	Weighted Average Exercise Price	Weighted Average Exercise Period
March 21, 2024	1,810,000	$ 0.20	1.22
March 10, 2025	1,840,000	$ 0.30	2.19
October 1, 2025	250,000	$ 0.47	2.75
November 24, 2025	100,000	$ 0.40	2.90
March 8, 2026	200,000	$ 0.34	3.19
March 2, 2027	1,975,000	$ 0.12	4.17
December 21, 2027	1,975,000	$ 0.12	4.98
	8,150,000	**$ 0.20**	**2.93**

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

	March 31, 2023	September 30, 2022
Weighted average risk-free rate	3.04 %	1.61 %
Weighted average expected life of options	5 years	5 years
Weighted average expected annualized volatility	103%	90%
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.

During the three- and six-months ended March 31, 2023, the Company recognized $72,932 and $83,469 (2022 - $19,293 and $21,872), respectively, in share-based compensation for the Options vested during the period. The value of which is captured in the equity reserves account until such time as the Options are exercised, upon which the corresponding amount will be transferred to share capital.

(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, 2021	29,797,719		0.37
Issued in August 10, 2022 private placement[1]	16,475,000		0.15
Expired[2]	(22,864,141)		0.33
Outstanding, September 30, 2022	23,408,578	$	0.25
Outstanding, March 31, 2023	**23,408,578**	**$**	**0.25**

[1] On August 10, 2022, the Company closed a non-brokered private placement 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 are exercisable at a price of $0.15 per Common Share, and valid for a period of 24-months from the date of issuance.

[2] 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 March 31, 2023, the following Warrants were outstanding (Note 12(b)(ii)):

Expiry Date	Number of Warrants	Weighted Average Exercise Price $	Weighted Average Exercise Period (Years)
May 14, 2023	6,933,578	0.50	0.12
August 10, 2024	16,475,000	0.15	1.36
	23,408,578	**0.25**	**1.00**

e) Agent Options

In connection with the closing of the Company's Initial Public Offering in 2020, the Company issued 1,120,000 non-transferable "Agent Options", each exercisable at a price of $0.25 to acquire one Common Share and one-half of one Warrant. 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, 2023, 3,276,001 Common Shares were subject to a regulatory escrow (September 30, 2022 – 6,552,001), all of which are scheduled to be released from regulatory escrow on July 16, 2023.

h) Loss per Share

Basic loss per Common Share is computed by dividing the net loss for the period 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.

(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. as a reflection of its approximate 16.81% ownership interest in the Company at March 31, 2023; and (iii) those legal entities noted below to whom compensation is paid.

Key management personnel compensation is comprised of the following:

	For the six months ended	
	March 31, 2023	**March 31, 2022**
Salaries and benefits	$ 219,037	$ 214,275
Geological consulting capitalized (Note 6)	101,351	93,684
Salaries and benefits capitalized (Note 6)	-	19,800
Consulting	2,200	3,670
Share-based compensation (Note 8(c))	54,366	9,763
	$ 376,954	**$ 341,192**

An amount of $82,226 in directors' fees for the six months ended March 31, 2023 (2022 - $78,000) is included in "salaries and benefits".

The Company's Vice President – Exploration ("VPEx") is compensated pursuant to an agreement with a company he controls beginning with effect of February 1, 2022. Pursuant to the agreement, Mr. Menzies was remunerated at a rate of AUD 17,000 each month through until February 2023 (adjusted from time to time to reflect periods of annual leave). With effect of March 1, 2023, his monthly rate increased to AUD 23,000. During the six months ended March 31, 2023, an amount of AUD 99,444 ($90,344) was charged to the Company by Mr. Menzies' company and capitalized to exploration and evaluation assets as geological services (2022 – AUD 36,061 ($33,090)).

The Company's former VPEx (through January 2022) was remunerated pursuant to an agreement with a company he controls. During the six months ended March 31, 2023, an amount of AUD 12,000 ($13,209) was charged to the Company by Swensson; AUD 10,000 ($11,007) was capitalized to exploration and evaluation assets as geological services, with the remainder to office and administrative expense (2021 - AUD 66,000 ($60,594) in his then capacity as VPEx, all of which capitalized to exploration and evaluation assets). Mr. Swensson serves as a director of the Australian entities and is remunerated at a monthly rate of AUD 2,000.

At March 31, 2023, $2,993 was payable to the individual directors and officers of the Company, and entities they control (including reimbursement of expenses) and is included in accounts payable and accrued liabilities (September 30, 2022 - $18,401).

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 $6,866 was invoiced to Inflection during the six months ended March 31, 2023 (March 31, 2022 - $9,769), of which $nil was payable at March 31, 2023 (September 30, 2022 - $1,179).

Amounts due to 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:

	Six months ended March 31, 2023	Six months ended March 31, 2022
Canada	$ 595,830	$ 526,973
Australia	41,764	21,858
	$ 637,594	**$ 548,831**

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

March 31, 2023	Canada	Australia	Total
Current assets	$ 816,878	$ 52,474	$ 869,352
Refundable security deposits	-	291,732	291,732
Exploration and evaluation assets	-	8,774,315	8,774,315
Total assets	**$ 816,878**	**$ 9,118,521**	**$ 9,935,399**

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**

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 in 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 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. SUBSEQUENT EVENTS

a) *Non-binding Heads of Agreement with AngloGold Ashanti Australia Limited*

The HOA, dated February 22, 2023, outlines the principal terms under which AngloGold may enter into an earn-in agreement (the "Proposed Anglo Earn-in") across certain of the ELs that comprise the Company's NSW Project (the "HOA ELs"). Pursuant to the terms of the HOA, AngloGold shall have a 60-day period to complete further due diligence and enter into a binding earn-in agreement with the Company, which was subsequently extended through May 2023 (Note 6(a)).

Highlights of the Proposed Anglo Earn-in:

- As part of a multi-phase exploration program, AngloGold shall sole fund a total of AUD 10,000,000 on exploration across the HOA ELs within three years following the execution of the earn-in agreement that establishes the Proposed Anglo Earn-in (the "Initial Option Period").
- Phase I will include a minimum expenditure commitment of AUD 6,000,000 (the "Minimum Commitment"). Phase I is intended to drill test a wide range of large intrusive-related, copper-gold exploration targets, including Duck Creek.
    - Upon completion of Phase I, the AUD 10,000,000 advanced by AngloGold (Phase I Expenditures) shall be converted into that number of Common Shares equal to 9.9% of the pro forma number of outstanding Common Shares, at the time of completion of Phase I (the "Consideration Shares").

      The Consideration Shares shall be issued at a price equal to the 30-day volume weighted average price ("VWAP") of the Common Shares at such time, and shall be capped at the Canadian dollar equivalent as at that date of AUD 10,000,000. In the event that the number of Consideration Shares issued equals less than 9.9% of Inflection's then outstanding shares, AngloGold shall retain the right to purchase additional Common Shares from the treasury of Inflection at a 10% premium to the 30-day VWAP, up to a combined maximum total ownership interest of 9.9% of the outstanding Common Shares.
    - If AngloGold does not advance funds equal to the Minimum Commitment during the Initial Option Period, then the balance, up to the Minimum Commitment amount, is payable to Inflection in cash within 30 days following the expiry of the Initial Option Period, and the Proposed Anglo Earn-in shall terminate with no interest in any of the HOA ELs acquired by AngloGold.

12. SUBSEQUENT EVENTS (continued)

a) *Heads of Agreement with AngloGold Ashanti Australia Limited (continued)*

- Phases II and III are staged earn-ins whereby AngloGold may select up to five of the HOA EL's (to be thereafter defined as "Designated Projects") in which it may elect to earn an interest in each specified HOA EL by sole funding exploration expenditures as follows:
  - AngloGold may earn a 51% interest in each or any of the HOA ELs by sole funding additional expenditures of AUD 7,000,000 over three years in Phase II.

    If AngloGold elects not to continue the earn-in for any Designated Project, AngloGold will have no further obligations or liability to Inflection and Inflection will retain 100% of such Designated Project.
  - By sole funding a further AUD 20,000,000 over two years in Phase III on each Designated Project, for cumulative maximum expenditures of AUD 135,000,000, AngloGold may earn an additional 14% interest in each Designated Project individually, for a total 65% interest.

    If AngloGold initiates but does not complete Phase III, then its ownership interest in the Designated Project will revert to 49%, which Inflection retains the right to purchase at a mutually agreed price, or for fair value if a price cannot be mutually agreed within a specified period.
- AngloGold will have the further right to earn an additional 10% interest in each Designated Project (bringing its potential ownership interest to 75% of each such Designated Project) in Phase IV by:
  - Delivering to Inflection a Pre-Feasibility Study in accordance with the CIM Definition Standards on Mineral Resources and Ore Reserves based on a minimum 2,000,000 ounces of gold or gold-copper equivalent "Measured and Indicated" resources within 36 months after AngloGold provides notice to move to Phase IV; and,
  - Granting to Inflection a 2% NSR on the applicable Designated Project; provided, however, that if the applicable Designated Project has any existing underlying royalties, Inflection will be granted a 1% NSR.

    AngloGold will have the right to buy back 0.5% of any 2% NSR and 0.25% of any 1% NSR in respect of all or a portion of the respective Designated Project for fair value at any time.

All expenditure timelines can be accelerated.

b) Warrants

(i) Exercise

30,000 warrants with an exercise price of $0.15 were exercised on April 17, 2023, for gross proceeds of $4,500, and the issuance of 30,000 Common Shares.

(ii) Expiry

On May 14, 2023, 6,933,578 previously issued Warrants priced at $0.50 expired unexercised.