INFLECTION RESOURCES LTD.

An exploration stage company

THIRD QUARTER REPORT

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2023 AND 2022

(Unaudited – Prepared by Management)

(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 ("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 – Prepared by Management)
(Expressed in Canadian dollars)

	Notes	June 30, 2023	September 30, 2022
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 560,807**	$ 1,759,333
Receivables		**28,031**	21,271
Prepaids		**29,347**	43,576
Total Current Assets		**618,185**	1,824,180
Non-Current Assets			
Refundable security deposits	5	**256,690**	358,833
Exploration and evaluation assets	6, 9	**9,075,446**	8,320,471
Total Non-Current Assets		**9,332,136**	8,679,304
Total Assets		**$ 9,950,321**	$ 10,503,484
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	7, 9	**$ 237,955**	$ 72,538
Shareholders' Equity			
Share capital	8(b)	**14,002,651**	14,001,518
Reserve for share-based payments		**1,490,395**	1,334,815
Deficit		**(5,780,680)**	(4,905,387)
Total Shareholders' Equity		**9,712,366**	10,430,946
Total Liabilities and Shareholders' Equity		**$ 9,950,321**	$ 10,503,484

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

APPROVED ON BEHALF OF THE BOARD ON AUGUST 29, 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 – Prepared by Management)
(Expressed in Canadian dollars)

	Notes	Three Months ended June 30, 2023	Three Months ended June 30, 2022	Nine Months ended June 30, 2023	Nine Months ended June 30, 2022
Expenses:					
Salaries and benefits	9	**$ 161,783**	$ 140,158	**$ 437,231**	$ 415,940
Share-based compensation	8, 9	**72,111**	60,541	**155,580**	82,413
Investor communications		**34,263**	48,677	**147,697**	152,058
Professional fees		**(12,001)**	9,044	**66,836**	60,270
Office and administrative	9	**(6,823)**	32,862	**57,204**	106,546
Listing and filing fees		**24,085**	3,506	**54,392**	32,172
Project generation		**1,920**	730	**26,279**	730
Depreciation	6	**3,530**	-	**10,395**	-
Consulting fees		**(7,752)**	-	**-**	4,500
Operating loss		**(271,116)**	(295,518)	**(955,614)**	(854,629)
Interest income		**4,465**	1,236	**18,133**	3,913
Foreign exchange gain (loss)		**28,952**	(19,644)	**62,188**	(12,041)
Net loss and comprehensive loss for the period		**$ (237,699)**	$ (313,926)	**$ (875,293)**	$ (862,757)
Basic and diluted loss per share		**$ -**	$ -	**$ (0.01)**	$ (0.02)
Weighted average number of common shares outstan		**87,770,066**	71,270,670	**87,753,802**	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 – Prepared by Management)
(Expressed in Canadian dollars, except share amounts)

	Share Capital		Reserve for		
	Number of Shares	Amount	Share-Based Payments	Deficit	Total
Balance, September 30, 2021	71,270,670	$ 12,375,454	$ 1,213,265	$ (3,835,550)	$ 9,753,169
Private placement	16,475,000	1,647,500	-	-	1,647,500
Share issue costs	-	(21,436)	-	-	(21,436)
Share-based payments	-	-	121,550	-	121,550
Comprehensive income (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 issue costs	-	(3,367)	-	-	(3,367)
Exercise of warrants	30,000	4,500	-	-	4,500
Share-based payments	-	-	155,580	-	155,580
Comprehensive income (loss) for the period	-	-	-	(875,293)	(875,293)
Balance, June 30, 2023	87,775,670	$ 14,002,651	$ 1,490,395	$ (5,780,680)	$ 9,712,366
Balance, September 30, 2021	71,270,670	$ 12,375,454	$ 1,213,265	$ (3,835,550)	$ 9,753,169
Share-based payments	-	-	82,413	-	82,413
Comprehensive income (loss) for the period	-	-	-	(862,757)	(862,757)
Balance, June 30, 2022	71,270,670	$ 12,375,454	$ 1,295,678	$ (4,698,307)	$ 8,972,825

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 – Prepared by Management)

(Expressed in Canadian dollars)

	Nine months ended June 30,	
	2023	2022
Cash provided from (used by):		
Operations:		
Net loss for the period	**$ (875,293)**	$ (862,757)
Items not involving cash:		
Depreciation	**10,395**	-
Share-based payments	**155,580**	82,413
	(709,318)	(780,344)
Changes in non-cash working capital items:		
Receivables	**(6,760)**	(19,652)
Prepaids and deposits	**14,229**	57,195
Accounts payable and accrued liabilities	**165,417**	152,696
Cash used by operating activities	**(536,432)**	(590,105)
Financing:		
Share issuance expenses	**(3,367)**	-
Exercise of warrants	**4,500**	-
Cash provided from financing activities	**1,133**	-
Investing:		
Expenditures for exploration and evaluation assets	**(765,370)**	(2,006,966)
Receipt of government grants	**-**	35,455
Recovery (payment) of refundable security deposits, net	**104,040**	(40,828)
Cash used by investing activities	**(661,330)**	(2,012,339)
Foreign exchange (loss) gain effects	**(1,897)**	9,678
Decrease in Cash	**(1,198,526)**	(2,592,766)
Cash, beginning of period	**1,759,333**	3,538,297
Cash, end of period	**$ 560,807**	$ 945,531

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 nine month periods ended June 30, 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 nine months ended June 30, 2023, the Company has not yet achieved profitable operations, had incurred a net loss of $875,293 (June 30, 2022 - $862,757), and as at June 30, 2023 has an accumulated deficit of $5.8 million (September 30, 2022 - $4.9 million). 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. Certain accounts have been reclassified during the quarter.

The Board of Directors of the Company (the "Board") authorized the Financial Statements on August 29, 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.

(Expressed in Canadian dollars)

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.

5. REFUNDABLE SECURITY DEPOSITS

As at June 30, 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
Balance, September 30, 2021	$ 314,257	$ 9,162	$ 323,419
Additions (recoveries)	67,109	(8,882)	58,227
Foreign exchange	(22,533)	(280)	(22,813)
Balance, September 30, 2022	358,833	-	358,833
Additions (recoveries)	(104,040)	-	(104,040)
Foreign exchange	1,897	-	1,897
Balance, June 30, 2023	$ 256,690	$ -	$ 256,690

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 ($8,813) 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:

(Expressed in Canadian dollars)

	NSW Project	Carron Project	Total
Acquisition Costs:			
Balance, September 30, 2021	$ 525,413	$ 95,214	$ 620,627
Additions	-	-	-
Balance, September 30, 2022	525,413	95,214	620,627
Additions	-	-	-
Balance, June 30, 2023	525,413	95,214	620,627
Deferred Exploration Expenditures:			
Balance, September 30, 2021	4,843,776	522,476	5,366,252
Drilling and assays	887,315	197,666	1,084,981
Geological services	429,518	221,264	650,782
Claim maintenance fees	236,488	32,504	268,992
Administration and maintenance	222,445	61,712	284,157
Geophysics	95,470	11,632	107,102
Depreciation of equipment	(26,968)	-	(26,968)
Recovery of exploration grants	(29,208)	(6,246)	(35,454)
Balance, September 30, 2022	6,658,836	1,041,008	7,699,844
Drilling and assays	87,101	-	87,101
Geological services	380,084	22,159	402,243
Claim maintenance fees	161,187	-	161,187
Administration and maintenance	84,106	10,013	94,119
Geophysics	20,720	-	20,720
Depreciation of equipment	(10,395)	-	(10,395)
Recovery of exploration grants	-	-	-
Balance, June 30, 2023	$ 7,381,639	$ 1,073,180	$ 8,454,819
Exploration and evaluation assets:			
Balance, September 30, 2022	$ 7,184,249	$ 1,136,222	$ 8,320,471
Balance, June 30, 2023	7,907,052	1,168,394	9,075,446

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 June 30, 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.

Through to June 30, 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 June 30, 2023.

In June 2023, the Company signed a Definitive Farm-in Agreement (the "Agreement") with AngloGold Ashanti Australia Limited ("AngloGold") that outlines the terms under which AngloGold may earn into a number of the Company's copper-gold projects in New South Wales, Australia. Summary highlights of the Agreement are as follows:

Phase I:

AngloGold will sole fund up to AUD$10,000,000 on exploration expenditures across a wide range of different intrusive related exploration targets within a 36-month period following the execution of the Farm-in Agreement. AngloGold has committed to fund minimum expenditures of AUD$6,000,000. If Phase I Expenditures of AUD$10,000,000 are not incurred within the required time frame, then the Farm-in Agreement shall terminate and no interest in any of the properties will be earned by AngloGold. The Company will receive a 10% management fee for being the operator of Phase I.

Upon completion of Phase I exploration expenditures of AUD$10,000,000, AngloGold retains the option to convert the expenditures into common shares of Inflection equal to a maximum of 9.9% of the then issued outstanding common shares of the Company, post share issuance, at the time of completion of Phase I. The deemed price of the shares shall be calculated using the 30-day VWAP and the number to be issued shall be capped at the Canadian dollar equivalent of AUD$10,000,000.

If the number of shares issued equals less than 9.9% of Inflection's outstanding shares, then AngloGold shall retain the further option to purchase additional common shares from the treasury of Inflection at a 10% premium to the 30-day VWAP, up to a combined maximum ownership interest of 9.9% of the then-outstanding common shares.

In August 2023, funds of AUD$2.2 million were received from AngloGold.

Phase II:

AngloGold may elect to earn an initial 51% interest in up to five Designated Projects individually by sole funding expenditures of AUD$7,000,000 on each project within 36 months. If AngloGold fails to complete the Phase II earn-in expenditure for a given Designated Project, Inflection will retain 100% ownership with no interest earned by AngloGold.

Phase III:

AngloGold may elect to earn an additional 14% interest in each Designated Project individually, for a total 65% interest, by sole funding additional expenditures of AUD$20,000,000 per Designated Project within 24 months following completion of Phase II. 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.

Phase IV:

AngloGold retains an additional right to earn a further 10% interest in each Designated Project, bringing its potential ownership interest to 75%, by completing the following:

- 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%

(Expressed in Canadian dollars)

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.

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 June 30, 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.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2023	September 30, 2022
Accounts payable	$ 234,817	$ 35,677
Accrued liabilities	3,138	36,861
	$ 237,955	$ 72,538

Included in accounts payable and accrued liabilities at June 30, 2023 is $100,056 (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 Issued and Outstanding:

(Expressed in Canadian dollars)

Issued and outstanding: as at June 30, 2023: 87,775,670 Common Shares (September 30, 2022: 87,745,670)

Share capital transactions during the comparative periods were as follows:

Nine months ended June 30, 2023

Warrants for 30,000 shares at an exercise price of $0.15 per share were exercised during the period.

Nine months ended June 30, 2022

There were no issuances of Common Shares during the nine-month period June 30, 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.

During the nine month period ended June 30, 2023, the following stock options were granted:

- On December 21, 2022, 1,975,000 Options were granted to directors, officers, employees and certain consultants to the Company. The Options are exercisable at $0.12 per share, vest six months after the date of the grant, and expire on December 21, 2027.
- On June 1, 2023, 200,000 Options were granted to a newly appointed officer of the Company. The Options are exercisable at $0.22 per share, vest six months after the date of the grant, and expire on June 1, 2028.

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

	Number of options	Weighted average exercise price
Outstanding balance, September 30, 2021	4,794,000	$0.29
Granted	2,075,000	$0.12
Expired	(300,000)	$0.55
Forfeit	(195,000)	$0.27
Outstanding balance, September 30, 2022	6,374,000	$0.22
Granted	2,175,000	$0.13
Forfeit	(199,000)	$0.16
Outstanding balance, June 30, 2023	8,350,000	$0.20
Exercisable, June 30, 2023	8,150,000	$0.20

The following Options are outstanding at June 30, 2023:

Expiry Date	Number of Options	Weighted Average Exercise Price	Weighted Average Exercise Period
March 21, 2024	1,810,000	$0.20	0.73
March 10, 2025	1,840,000	$0.30	1.70
October 1, 2025	250,000	$0.47	2.26
November 24, 2025	100,000	$0.40	2.41
March 8, 2026	200,000	$0.34	2.69
March 2, 2027	1,975,000	$0.12	3.67
December 31, 2027	1,975,000	$0.12	4.51
June 1, 2028	200,000	$0.22	4.93
	8,350,000	$0.20	2.68

(Expressed in Canadian dollars)

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:

	June 30, 2023	June 30, 2022
Pre-vest forfeiture rate	0.00%	0.00%
Risk-free interest rate	3.19%	0.98%
Expected dividend yield	0%	0%
Expected stock price volatility	109.00%	110.04%
Expected option life in years	5.00	5.00

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 nine months ended June 30, 2023, the Company recognized $72,111 and $155,580 (June 30, 2022 - $60,541 and $248,155), 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.

d) Warrants

The number of Warrants outstanding are summarized as follows:

Exercise Prices	Expiry Dates	Outstanding at September 30, 2022	Issued	Exercised	Expired	Outstanding at June 30, 2023
$0.50	May 14, 2023	3,332,453	-	-	(3,332,453)	-
$0.15	August 10, 2024	16,475,000	-	(30,000)	-	16,445,000
		19,807,453	-	(30,000)	(3,332,453)	16,445,000

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 June 30, 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.

(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 June 30, 2023; and (iii) those legal entities noted below to whom compensation is paid.

Key management personnel compensation is comprised of the following:

	Nine months ended June 30, 2023	Nine months ended June 30, 2022	Net balance payable June 30, 2023	Net balance payable September 30, 2022
Key management compensation:				
Executive salaries and remuneration [1]	$ 306,480	$ 400,055	$ 15,364	$ -
Geological consulting [1]	149,224	223,000	54,254	-
Directors fees	120,000	119,460	9,539	-
Share-based payments	155,580	40,398		
	$ 731,284	$ 782,913		
Net office, sundry, rent and salary allocations reimbursed to companies sharing certain common directors	$ 57,756	$ 69,679	20,899	4,329

(1) Includes key management compensation which is included in mineral property interests, employee remuneration and property investigation.

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 the Company and other entities sharing the same office space in Vancouver. NewQuest does not charge a fee to the Company, allocating all expenses at cost.

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**.**

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

	Nine months ended June 30, 2023	Nine months ended June 30, 2022
Canada	$ 856,834	$ 835,846
Australia	18,459	26,911
	$ 875,293	$ 862,757

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

	June 30, 2023		
	Canada	Australia	Total
Current assets	$ 542,345	$ 75,840	$ 618,185
Refundable security deposits	-	256,690	256,690
Exploration and evaluation assets	-	9,075,446	9,075,446
Total assets	$ 542,345	$ 9,407,976	$ 9,950,321

	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	$ 8,999,227	$ 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.

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) *Private Placement*

In August 2023, the Company closed a non-brokered private placement (the "Offering") for gross proceeds of $1,776,750 through the issuance of 7,107,000 units (the "Units") priced at $0.25 per Unit. Each Unit consisted of one common share and one-half of a share purchase warrant, with each whole warrant exercisable to acquire one common share at a price of $0.40 for a term of 18 months. Cash finder's fees of $53,700 and 214,800 finder's warrants exercisable at $0.40 per common share for an 18-month term were paid on a portion of the Offering.

b) Warrants

In July and August 2023, 150,000 warrants with an exercise price of $0.15 were exercised on for gross proceeds of $22,500, and the issuance of 150,000 Common Shares.