INFLECTION RESOURCES LTD.

An exploration stage company

SECOND QUARTER REPORT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2024 AND 2023

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM 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 consolidated interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim 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 consolidated interim financial statements by an entity’s auditor.

INFLECTION RESOURCES LTD.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Notes		**March 31, 2024**		September 30, 2023
ASSETS					
Current Assets					
Cash and cash equivalents		**$**	**2,868,339**	$	2,826,239
Receivables			**213,461**		140,806
Prepaids			**73,646**		61,998
Total Current Assets			**3,155,446**		3,029,043
Non-Current Assets					
Refundable security deposits	6		**269,092**		251,361
Exploration and evaluation assets	7, 10		**8,611,880**		8,788,839
Total Non-Current Assets			**8,880,972**		9,040,200
Total Assets		**$**	**12,036,418**	$	12,069,243
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Accounts payable and accrued liabilities	8, 10	**$**	**839,974**	$	766,350
Advance for exploration projects	7(a)		**582,401**		208,433
Derivative liability	7(a)		**172,136**		171,937
Total Liabilities			**1,594,511**		1,146,720
Shareholders' Equity					
Share capital	9(b)		**15,742,602**		15,724,411
Reserve for share-based payments	9(e)		**1,546,785**		1,535,278
Deficit			**(6,847,480)**		(6,337,166)
Total Shareholders' Equity			**10,441,907**		10,922,523
Total Liabilities and Shareholders' Equity		**$**	**12,036,418**	$	12,069,243

Nature of operations and going concern – Note 1

APPROVED ON BEHALF OF THE BOARD ON MAY 24, 2024:

/s/ "Alistair Waddell"
DIRECTOR

/s/ "Cecil R. Bond"
DIRECTOR

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

INFLECTION RESOURCES LTD.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars, except share amounts)

		Three Months ended March 31,		Six Months ended March 31,	
	Notes	**2024**	2023	**2024**	2023
Expenses:					
Accounting and audit		**$ 22,047**	$ 14,169	**$ 23,820**	$ 71,808
Amortization	7	**3,684**	3,559	**7,328**	6,865
Legal		**1,151**	5,733	**1,151**	7,029
Office and administrative		**20,402**	44,503	**35,192**	64,027
Project generation		**-**	6,439	**-**	32,111
Regulatory		**16,850**	26,332	**21,329**	30,307
Salaries and benefits	10	**107,451**	138,458	**214,219**	275,448
Shareholder relations		**112,416**	63,643	**176,192**	113,434
Share-based payments	9(c)	**9,285**	72,932	**20,867**	83,469
Total expenses		**(293,286)**	(375,768)	**(500,098)**	(684,498)
Interest and other income		**9,643**	5,497	**22,502**	13,668
Derivative option cost	7(a)	**-**	-	**(199)**	-
Foreign exchange (loss) gain		**(26,176)**	(441)	**(32,519)**	33,236
Net loss and comprehensive loss for the period		**$ (309,819)**	$ (370,712)	**$ (510,314)**	$ (637,594)
Basic and diluted loss per share		**$ -**	$ -	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstan		**95,182,670**	87,745,670	**95,125,976**	87,745,670

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

INFLECTION RESOURCES LTD.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars, except share amounts)

	Notes	Share Capital Number of Shares	Share Capital Amount	Reserve	Deficit	Total
Balance, September 30, 2022		87,745,670	$ 14,001,518	$ 1,334,815	$ (4,905,387)	$ 10,430,946
Private placement		7,107,000	1,776,750	-	-	1,776,750
Share issuance costs		-	(84,607)	27,536	-	(57,071)
Exercise of warrants		205,000	30,750	-	-	30,750
Share-based payments		-	-	172,927	-	172,927
Comprehensive loss for the year		-	-	-	(1,431,779)	(1,431,779)
Balance, September 30, 2023		95,057,670	15,724,411	1,535,278	(6,337,166)	10,922,523
Share issuance costs		-	(6,169)	-	-	(6,169)
Exercise of stock options	9(b) and (c)	125,000	24,360	(9,360)	-	15,000
Share-based payments	9(c)	-	-	20,867	-	20,867
Comprehensive loss for the period		-	-	-	(510,314)	(510,314)
Balance, March 31, 2024		95,182,670	$ 15,742,602	$ 1,546,785	$ (6,847,480)	$ 10,441,907
Balance, September 30, 2022		87,745,670	$ 14,001,518	$ 1,334,815	$ (4,905,387)	$ 10,430,946
Share-based payments		-	-	83,469	-	83,469
Comprehensive 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 – Note 9

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

INFLECTION RESOURCES LTD.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Six months ended March 31, 2024	2023
Cash provided from (used by):		
Operations:		
Net loss for the period	**$ (510,314)**	$ (637,594)
Items not involving cash:		
Amortization	**7,328**	6,865
Share-based payments	**20,867**	83,469
Derivative option cost	**199**	-
Foreign exchange gain	**(8,605)**	-
	(490,525)	(547,260)
Changes in non-cash working capital items:		
Receivables	**7,493**	(25,699)
Prepaids and deposits	**(11,648)**	30,387
Accounts payable and accrued liabilities	**73,624**	(13,960)
Cash used by operating activities	**(421,056)**	(556,532)
Investing:		
Expenditures for exploration and evaluation assets	**(4,057,038)**	(460,709)
Recoveries from cash call from Farm In Agreement	**3,649,213**	-
Recoveries from management fee receipts from Farm In Agreement	**364,921**	-
Advance for exploration projects from Farm In Agreement	**373,968**	-
Receipt of government grants	**132,387**	-
(Payment) recovery of refundable security deposits	**(17,731)**	74,292
Cash provided from (used by) investing activities	**445,720**	(386,417)
Financing:		
Exercise of stock options	**15,000**	-
Share issuance costs	**(6,169)**	-
Cash provided from financing activities	**8,831**	-
Foreign exchange gain (loss) effects	**8,605**	(7,191)
Increase (decrease) in cash and cash equivalents	**42,100**	(950,140)
Cash and cash equivalents, beginning of period	**2,826,239**	1,759,333
Cash and cash equivalents, end of period	**$ 2,868,339**	$ 809,193
Cash and cash equivalents consist of:		
Cash	**$ 224,000**	$ 530,443
Restricted cash (AngloGold funds)	**1,294,339**	-
Redeemable GIC	**1,350,000**	278,750
	$ 2,868,339	$ 809,193

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

INFLECTION RESOURCES LTD.
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

		Six months ended March 31,	
	Notes	**2024**	2023
Non-cash financing and investing activities:			
Fair value of stock options exercised	9(c)	**$ 9,360**	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Inflection Resources Ltd. (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 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, to maintain and to 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.

These unaudited condensed consolidated interim financial statements for the three and six months ended March 31, 2024 and 2023 (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. For the six months ended March 31, 2024, the Company has not achieved profitable operations, had incurred a net loss of $510,314 (March 31, 2023 - $637,594), and as at March 31, 2024 had an accumulated deficit of $6.85 million (September 30, 2023 - $6.34 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 to 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 Interim 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

These Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the interpretations of the International Financial Reporting Standards Interpretations Committee. These Interim Financial Statements do not include all of the information and disclosures required for full and complete annual financial statements, and accordingly should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2023. The Company has consistently applied the same accounting policies for all periods as presented.

Approval of the Interim Financial Statements

These Interim Financial Statements were approved by the Company's Board of Directors on May 24, 2024.

2. BASIS OF PRESENTATION (continued)

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 ("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.

Certain of the prior periods' comparative figures may have been reclassified to conform to the presentation adopted in the current period.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Foreign currency translation

The presentation currency of the Company is the Canadian dollar. The functional currency of 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.

The functional currency of the Company and its subsidiaries is the Canadian dollar, and accounts denominated in currencies other than the Canadian dollar have been translated as follows:

- monetary assets and liabilities at the exchange rate at the consolidated statement of financial position date;
- non-monetary assets and liabilities at the historical exchange rates, unless such items are carried at fair value, in which case they are translated at the date when the fair value was determined;
- shareholders' equity items at historical exchange rates; and
- revenue and expense items at the rate of exchange on the transaction date.

Exchange gains and losses are recorded in the statement of comprehensive loss in the period in which they occur.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Exploration and evaluation assets ("E&E") (continued)

From time to time, the Company may acquire or dispose of properties pursuant to the terms of property 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. Property 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.

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 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 Interim Financial Statements.

i) Going concern assumption: In determining whether it is appropriate for the Company to be reported as a going concern, management exercises judgement, having undertaken appropriate enquiries and having considered the business activities, principal risks and uncertainties.

ii) Functional currency: Determination of functional currency involves certain 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.

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES, AND RISKS (continued)

Judgments (continued)

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

5. FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. 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. Cash is deposited in bank accounts held with major banks in Canada and Australia. 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 and government grants.

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 with a substantial portion being financed in Australian dollars by a third party (Note 7(a)). The fluctuation of the Canadian dollar in relation to the Australian dollar has an impact upon the financial results of the Company.

5. FINANCIAL RISKS AND CAPITAL MANAGEMENT (continued)

Foreign Exchange Risk (continued)

At March 31, 2024, the Company was exposed to currency risk for its Canadian dollar equivalent of financial assets and liabilities denominated in currencies other than Canadian dollars as follows:

	Stated in Canadian Dollars		
	Held in		Total
	Australian Dollars	United States Dollars	
Cash	$ 1,423,109	$ 2,244	$ 1,425,353
Receivable for exploration projects	176,540	-	176,540
Accounts payable and accrued liabilities	(692,653)	-	(692,653)
Net financial assets, March 31, 2024	$ 906,996	$ 2,244	$ 909,240

Based upon the above net exposure as at March 31, 2024 and assuming all other variables remain constant, a 5% depreciation or appreciation of the Canadian dollar relative to the Australian dollar could result in a decrease/increase of approximately $45,460 in the Company's net losses.

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 equity financings. 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.

(Expressed in Canadian dollars)

6. REFUNDABLE SECURITY DEPOSITS

As at March 31, 2024, 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
Balance, September 30, 2022	$	358,833
Additions (recoveries)		(107,472)
Balance, September 30, 2023		251,361
Additions (recoveries)		17,731
Balance, March 31, 2024	$	269,092

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 ($9,001) 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.

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ("E&E") 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 recoveries, government grants and impairment charges, are as follows:

	Notes	NSW Project	Carron Project	Total
Acquisition Costs:				
Balance, September 30, 2023 and March 31, 2024		$ 525,413	$ 95,214	$ 620,627
Deferred Exploration Expenditures:				
Balance, September 30, 2022		6,658,836	1,041,008	7,699,844
Drilling and assays		1,520,981	-	1,520,981
Geological services	10	593,555	37,569	631,124
Claim maintenance fees		249,608	11,418	261,026
Administration and support	10	153,329	10,037	163,366
Geophysics		99,364	-	99,364
Depreciation of equipment		(14,006)	-	(14,006)
Recovery from government grants		(96,391)	-	(96,391)
Recovery from farm in agreement		(1,906,451)	-	(1,906,451)
Recovery from management fee receipts		(190,645)	-	(190,645)
Balance, September 30, 2023		7,068,180	1,100,032	8,168,212
Drilling and assays		2,424,186	253,048	2,677,234
Geological services	10	548,773	131,328	680,101
Claim maintenance fees		304,932	6,682	311,614
Administration and support	10	54,867	1,337	56,204
Geophysics		331,886	-	331,886
Depreciation of equipment		(7,328)	-	(7,328)
Recovery from government grants		(35,996)	(176,540)	(212,536)
Recovery from farm in agreement		(3,649,213)	-	(3,649,213)
Recovery from management fee receipts		(364,921)	-	(364,921)
Balance, March 31, 2024		$ 6,675,366	$ 1,315,887	$ 7,991,253
Exploration and evaluation assets:				
Balance, September 30, 2023		$ 7,593,593	$ 1,195,246	$ 8,788,839
Balance, March 31, 2024		$ 7,200,779	$ 1,411,101	$ 8,611,880

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 recorded 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 million at any time. The Romardo Licenses are subject to a 2% NSR of which the Company may purchase 1% for AUD 2 million 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.

7. EXPLORATION AND EVALUATION ("E&E") ASSETS (continued)

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

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 million upon completion of a feasibility study; and
(iii) AUD 6 million upon the Company's decision to commence construction of a commercial mine.

In June 2023, the Company signed a Definitive Farm-in Agreement (the "AngloGold Farm-in 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 AngloGold Farm-in Agreement are as follows:

Phase I:

AngloGold will fund up to AUD10 million on exploration expenditures across a wide range of different intrusive related exploration targets within a 36-month period following the execution of the AngloGold Farm-in Agreement. AngloGold has committed to fund minimum expenditures of AUD6 million which was satisfied in February 2024. If Phase I Expenditures of AUD10 million 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. Cumulative cash calls for AUD7.8 million have been received.

Upon completion of Phase I exploration expenditures of AUD10 million, AngloGold retains the option to convert the expenditures into common shares of the Company 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 AUD10 million.

If the number of shares issued equals less than 9.9% of the Company's outstanding shares, then AngloGold shall retain the further option to purchase additional common shares from the treasury of the Company 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.

Phase II:

AngloGold may elect to earn an initial 51% interest in up to five Designated Projects individually by funding expenditures of AUD7 million on each project within 36 months. If AngloGold fails to complete the Phase II earn-in expenditure for a given Designated Project, the Company 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 funding additional expenditures of AUD20 million 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 the Company 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.

7. EXPLORATION AND EVALUATION ("E&E") ASSETS (continued)

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

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 the Company 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 the Company a 2% NSR on the applicable Designated Project; provided, however, that if the applicable Designated Project has any existing underlying royalties, the Company 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.

As at March 31, 2024, cumulative funds of $6.69 million (September 30, 2023 - $2.31 million) were received from AngloGold), and the Company has incurred cumulative exploration expenditures of $5.56 million (September 30, 2023 - $1.91 million) and cumulative management fees of $555,566 (September 30, 2023 - $190,645). The remaining $582,401 has been recorded as an advance for exploration projects recorded in liabilities (September 30, 2023 - $208,433).

During the six months ended March 31, 2024, funds of AUD 4.95 million were received from AngloGold. Subsequent to the second quarter of fiscal 2024, funds of AUD 709,300 were received from AngloGold for Phase I.

AngloGold's option to acquire a 9.9% interest in the Company upon the completion of Phase 1 was determined to be a derivative liability as it will be settled with a variable number of shares. The Geometric Brownian Motion simulation model was used to determine future shares prices of the Company and the Monte Carlo simulation to determine the fair value of the derivative liability. As at March 31, 2024, the fair value of the option was estimated to be $172,136 (September 30, 2023 - $171,937) using a volatility of 127.67%, risk free interest rate of 3.79% and expected life of 2.20 years. An increase or decrease of 10% in the expected volatility would not have a significant impact on the fair value of the liability.

In fiscal 2023, the Company had 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. In December 2023, the Company received grants of $130,445.

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 "Carron Farm-In Agreement"). Pursuant to the Carron 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") which was then amended on October 19, 2023 (the "Third Amendment").

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ("E&E") ASSETS (continued)

b) Carron Project (Queensland) (continued)

The Carron 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").

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.

The Third Amendment provides for the extension of the term for completion of the Stage 2 Earn-in to March 31, 2024, which expenditure commitment of AUD 1,000,000 was satisfied as at December 31, 2023.

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. As at March 31, 2024, an amount of $176,540 was recorded as a receivable for the eligible grant which was received in April 2024.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2024	September 30, 2023
Accounts payable	$ 638,934	$ 545,151
Accrued liabilities	201,040	221,199
	$ 839,974	$ 766,350

Included in accounts payable and accrued liabilities at March 31, 2024 is $82,225 (September 30, 2023 - $128,290) due to related parties (Note 10).

9. SHARE CAPITAL

a) Authorized:

Unlimited number of common shares without par value.

b) Share Issued and Outstanding:

Issued and outstanding: as at March 31, 2024: 95,182,670 common shares
(September 30, 2023: 95,057,670 common shares).

Share capital transactions during the comparative periods were as follows:

(i) Six months ended March 31, 2024:

During the six months ended March 31, 2024, 125,000 common shares were issued from the exercise of stock options for gross proceeds of $15,000 and have a fair value of $9,360.

(ii) Year ended September 30, 2023:

On August 17, 2023, the Company closed a non-brokered private placement (the "August 2023 Offering") for gross proceeds of $1,776,750 through the issuance of 7,107,000 units priced at $0.25 per unit. Each unit consisted of one common share and one-half of a warrant, with each whole warrant exercisable to acquire one common share at a price of $0.40 until February 17, 2025. Cash finders' fees of $57,071 and 214,800 finders' warrants exercisable at $0.40 per common share until February 17, 2025 with a fair value $27,536 were paid on a portion of the August 2023 Offering.

During the year ended September 30, 2023, 205,000 warrants with an exercise price of $0.15 were exercised for gross proceeds of $30,750, and 205,000 common shares were issued.

c) Stock Options

The Company has a stock option plan under which it is authorized to grant stock 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 stock options shall vest immediately.

During the six months ended March 31, 2024, the following stock options were granted:
- On March 27, 2024, 2,950,000 stock options were granted to directors, officers, employees and certain consultants to the Company. The stock options have an exercise price of $0.20 per share, vest six months after the date of the grant, and expire on March 27, 2029.

During the year ended September 30, 2023, the following stock options were granted:
- On December 21, 2022, 1,975,000 stock options were granted to directors, officers, employees and certain consultants to the Company. The stock options have an exercise price of $0.12 per share, vest six months after the date of the grant, and expire on December 21, 2027; and
- On June 1, 2023, 200,000 stock options were granted to a newly appointed officer of the Company. The stock options have an exercise price of $0.22 per share, vest six months after the date of the grant, and expire on June 1, 2028.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

c) Stock Options (continued)

The continuity of stock options for the six months ended March 31, 2024 is as follows:

	March 31, 2024	
	Number of Shares	Weighted average exercise price
Outstanding balance, beginning of period	8,350,000	$0.20
Granted	2,950,000	$0.20
Exercised	(125,000)	$0.12
Cancellations	(475,000)	$0.30
Expiration	(1,810,000)	$0.20
Outstanding balance, end of period	8,890,000	$0.19

The following table summarizes information about stock options outstanding and exercisable at March 31, 2024:

		Options Outstanding		Options Exercisable	
Expiry Date	Weighted Average Exercise Prices	Number Outstanding at Mar 31, 2024	Weighted Average Remaining Contractual Life (Number of Years)	Number Exercisable at Mar 31, 2024	Weighted Average Remaining Contractual Life (Number of Years)
March 10, 2025	$0.30	1,840,000	0.94	1,840,000	0.94
November 24, 2025	$0.40	100,000	1.65	100,000	1.65
March 8, 2026	$0.34	200,000	1.94	200,000	1.94
March 2, 2027	$0.12	1,775,000	2.92	1,775,000	2.92
December 31, 2027	$0.12	1,825,000	3.73	1,825,000	3.73
June 1, 2028	$0.22	200,000	4.17	200,000	4.17
March 27, 2029	$0.20	2,950,000	4.99	-	-
	$0.19	8,890,000	3.36	5,940,000	2.54

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 stock options awarded in the respective periods:

	March 31, 2024	March 31, 2023
Risk-free interest rate	3.28%	3.04%
Expected dividend yield	0%	0%
Expected stock price volatility	105.01%	103.00%
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 stock options.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

c) Stock Options (continued)

During the six months ended March 31, 2024, the Company recognized $20,867 (March 31, 2023 - $83,469) in share-based compensation for the stock options vested during the period. The value is captured in the equity reserves account until such time as the stock options are exercised, upon which the corresponding amount will be transferred to share capital.

d) Warrants

At March 31, 2024, the Company had outstanding warrants as follows:

Exercise Prices	Expiry Dates	Outstanding at September 30, 2023	Issued	Exercised	Expired	Outstanding at March 31, 2024
$0.15	August 10, 2024	16,270,000	-	-	-	16,270,000
$0.40	February 17, 2025	3,553,500	-	-	-	3,553,500
$0.40	February 17, 2025 (1)	214,800	-	-	-	214,800
		20,038,300	-	-	-	20,038,300

(1) These finders fee warrants have a fair value of $27,536 which was recorded as share issuance expense and applied to share capital with a corresponding credit to reserve for share-based payments calculated using the Black-Scholes option pricing model with the following assumptions: volatility 123%, risk-free rate 4.90%, expected life 1.5 years, and expected dividend yield 0%.

e) Reserve

The share based payment reserve account consists of amounts recognized as share-based compensation expense until such time as the stock options and warrants are exercised, upon which the corresponding amount will be transferred to share capital.

10. RELATED PARTY TRANSACTIONS

In addition to the officers and directors of the Company ("key management personnel"), the Company’s related parties include (i) its subsidiaries; (ii) OCP Holdings Ltd. as a reflection of its approximate 15.50% ownership interest in the Company at March 31, 2024; and (iii) those legal entities which share certain common directors noted below to whom compensation is paid.

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS (continued)

Key management personnel compensation is comprised of the following:

	Six months ended March 31, 2024	Six months ended March 31, 2023	Net balance payable March 31, 2024	Net balance payable September 30, 2023
Key management compensation:				
Executive salaries and benefits [1]	$ 153,700	$ 136,811	$ -	$ 50,500
Geological consulting [1]	122,346	103,551	20,391	23,903
Directors fees	85,639	82,226	44,617	43,737
Share-based payments	7,711	54,366	-	-
	$ 369,396	$ 376,954	$ 65,008	$ 118,140
Net office, sundry, rent and salary allocations reimbursed to companies sharing certain common directors [2]	$ 65,708	$ 6,866	$ 17,217	$ 10,150

(1) Includes key management compensation and geological consulting which are included in exploration and evaluation assets, employee remuneration and property investigation, if any.
(2) These companies include Headwater Gold Inc., NewQuest Capital Inc. and Red Canyon Resources Ltd.

The above related party transactions are incurred in the normal course of business and on a cost recovery basis. Amounts payable to related parties are unsecured non-interest bearing and due in less than 90 days (Note 8).

11. 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 held in Canada and Australia.

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

	Six months ended March 31, 2024	Six months ended March 31, 2023
Canada	$ (492,739)	$ (595,830)
Australia	(17,575)	(41,764)
	$ (510,314)	$ (637,594)

(Expressed in Canadian dollars)

11. SEGMENTED INFORMATION (continued)

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

	March 31, 2024		
	Canada	Australia	Total
Current assets	$ 1,546,076	$ 1,609,370	$ 3,155,446
Refundable security deposits	-	269,092	269,092
Exploration and evaluation assets	-	8,611,880	8,611,880
Total assets	$ 1,546,076	$ 10,490,342	$ 12,036,418

	September 30, 2023		
	Canada	Australia	Total
Current assets	$ 1,999,049	$ 1,029,994	$ 3,029,043
Refundable security deposits	-	251,361	251,361
Exploration and evaluation assets	-	8,788,839	8,788,839
Total assets	$ 1,999,049	$ 10,070,194	$ 12,069,243

12. SUBSEQUENT EVENTS

a) AngloGold Farm-in Agreement

In May 2024, AngloGold elected to designate the Company's Duck Creek project as a Phase II project pursuant to the terms of the AngloGold Farm-in Agreement. The Company will continue to operate the Duck Creek Phase II exploration program for a 10% management fee, although AngloGold retains the right to take over as project manager at any time.

As part of Phase II at Duck Creek, AngloGold retains the right to earn an initial 51% interest in the project by investing AUD 7 million in exploration expenditures. Upon completion of Phase II, AngloGold retains the additional right, as part of a Phase III program, to earn up to a 65% interest by investing a further AUD 20 million in expenditures. Upon completion of Phase III, AngloGold retains the right to earn up to a 75% interest by completing a pre-feasibility study with a minimum two-million-ounce gold or copper-gold equivalent resource (Measured & Indicated category) and granting a 2% or 1% net smelter return ("NSR") royalty to the Company.

AngloGold retains the right to designate four additional projects in addition to Duck Creek as Phase II projects upon completion of Phase I which continues with drilling programs at the Company's tenements.

b) Exercise of warrants

Subsequent to the six months ended March 31, 2024, warrants with exercise price of $0.15 for 673,000 common shares were exercised for gross proceeds of $100,950.