

INFIELD MINERALS CORP.

Condensed Interim Consolidated Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

For the nine months ended September 30, 2022 and 2021

INFIELD MINERALS CORP.
(the “Company”)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
As at and for the nine months ended September 30, 2022

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Management of the Company is responsible for the preparation of the accompanying unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) for the preparation of condensed interim consolidated financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

INFIELD MINERALS CORP.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	September 30, 2022	December 31, 2021
Assets		
Current Assets		
Cash	\$ 787,506	\$ 1,895,329
GST receivable	73,159	65,530
Prepaid expenses	17,404	20,135
	878,069	1,980,994
Reclamation deposit	76,909	61,903
Exploration and evaluation assets (Note 5)	1,319,429	2,315,293
Total Assets	\$ 2,274,407	\$ 4,358,190
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 115,858	\$ 126,082
Due to related parties (Note 8)	5,412	3,302
	121,270	129,384
Shareholders' Equity		
Share capital (Note 6)	6,364,272	6,353,022
Obligation to issue shares (Note 6 and 8)	-	11,250
Reserves (Note 6)	936,804	845,097
Deficit	(5,147,939)	(2,980,563)
	2,153,137	4,228,806
Total Liabilities and Shareholders' Equity	\$ 2,274,407	\$ 4,358,190

Nature and continuance of operations (Note 1)

Approved on Behalf of the Board on November 25, 2022

"Evandra Nakano"

Evandra Nakano – Director

"Scott Ackerman"

Scott Ackerman - Director

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

INFIELD MINERALS CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	For the three months ended September 30, 2022	For the three months ended September 30, 2021	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Expenses				
Consulting fees	45,000	60,000	165,000	118,000
Foreign exchange loss/(gain)	(3,330)	(13,270)	(3,014)	(12,475)
General and administrative	13,859	15,732	44,532	44,615
Listing expense	-	-	-	1,101,730
Professional fees	23,685	30,204	61,117	233,671
Shareholder communications	946	50,103	18,685	113,440
Share based compensation	3,765	107,204	91,707	107,204
Transfer agent and filing fees	5,908	4,948	27,013	57,193
	89,833	254,921	405,040	1,763,378
Other Items				
Write down of exploration and evaluation asset (Note 5)	-	451,870	1,762,336	451,870
Loss and comprehensive loss for the period	\$ (89,833)	\$ (706,791)	\$ (2,167,376)	\$ (2,215,248)
Weighted average number of common shares outstanding – basic and diluted				
	48,716,698	47,973,724	48,549,077	40,876,823
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.04)	\$ (0.05)

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

INFIELD MINERALS CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Share Capital		Obligation to issue shares	Reserves	Deficit	Total Shareholder's Equity
	Number	Amount				
Balance, December 31, 2021	48,276,481	\$ 6,353,022	\$ 11,250	\$ 845,097	\$ (2,980,563)	\$ 4,228,806
Shares issued for consulting services	506,250	11,250	(11,250)	-	-	-
Share-based compensation	-	-	-	91,706	-	91,706
Loss for the period	-	-	-	-	(2,167,376)	(2,167,376)
Balance, September 30, 2022	48,782,731	\$ 6,364,272	\$ -	\$ 936,803	\$ (5,147,939)	\$ 2,153,136

	Share Capital		Obligation to Issue Shares	Reserves	Deficit	Total Shareholders' Equity
	Number	Amount				
Balance, December 31, 2020	15,675,100	\$ 2,065,250	\$ 26,250	\$ -	\$ (164,237)	\$ 1,927,263
Private placements	9,552,500	3,821,000	-	-	-	3,821,000
Listing expense (Note 4)	2,600,004	1,101,730	-	-	-	1,101,730
Shares issued on exchange of Infield shares for ECC2 shares (Note 4)	19,781,377	-	-	-	-	-
Shares issued for exploration and evaluation assets	180,000	41,400	-	-	-	41,400
Share issuance costs–finders warrants	-	(1,788,151)	-	1,788,151	-	-
Share issuance costs (Note 6)	-	(329,653)	-	-	-	(329,653)
Obligation to issue shares (Note 6)	318,750	11,250	(11,250)	-	-	-
Share-based compensation	-	-	-	107,204	-	107,204
Loss for the period	-	-	-	-	(2,215,248)	(2,215,248)
Balance, September 30, 2021	48,107,731	\$ 4,922,826	\$ 15,000	\$ 1,895,355	\$ (2,379,485)	\$ 4,453,696

The accompanying notes are an integral part of these Condensed Interim Consolidated Financial Statements

INFIELD MINERALS CORP.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
Cash provided by (used in):		
Operating Activities:		
Loss for the period	\$ (2,167,376)	\$ (2,215,248)
Non-cash items:		
Listing expense	-	1,101,730
Share-based compensation	91,707	107,204
Write down of exploration and evaluation asset	1,703,354	318,391
Net change in non-cash working capital items:		
Accounts payable and accrued liabilities	41,402	(117,032)
Due to related parties	2,110	(6,098)
Prepaid expenses	2,731	(21,083)
GST receivable	(7,629)	(48,402)
	(333,701)	(880,538)
Financing Activities:		
Share subscriptions received	-	3,821,000
Share issuance costs (Note 6)	-	(329,653)
	-	3,491,347
Investing Activities:		
Exploration and evaluation assets	(759,116)	(1,151,130)
Reclamation deposit	(15,006)	(61,903)
	(774,122)	(1,213,033)
Increase/(use) in cash for the period	(1,107,823)	1,397,776
Cash, beginning of the period	1,895,329	1,357,178
Cash, end of the period	\$ 787,506	\$ 2,754,954
Supplemental information:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-cash transactions:		
Common shares issued for exploration and evaluation assets	\$ 11,250	\$ 52,650
Exploration and evaluation assets included in accounts payable	\$ 20,373	\$ 363,647
Obligation to issue shares for exploration and evaluation assets	\$ -	\$ 15,000

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INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

1. NATURE AND CONTINUATION OF OPERATIONS

Infield Minerals Corp. (“Infield” or the “Company”) was incorporated on March 25, 2019, under the name Infield Capital Corp. in the Province of British Columbia. On August 24, 2020, Infield Capital Corp. changed its name to Infield Minerals Corp. On October 28, 2020, the Company incorporated a wholly owned Nevada subsidiary, Infield Minerals Nevada, Inc. The Company’s head office is located at 1600 – 609 Granville Street, Vancouver, BC, V7Y 1C3 and its registered and records office is located at 2200 – 885 West Georgia Street, Vancouver, BC V6C 3E8.

The Company is principally engaged in the acquisition, exploration, and evaluation of mineral resources, currently focusing on projects in Nevada, USA. At this time, the Company does not own any operating mines and has no operating income from mineral production. Funding for exploration and operations will be raised primarily through share offerings.

On June 4, 2021, ECC Ventures 2 Corp. (“ECC2”), a newly incorporated wholly owned subsidiary of ECC2 (“Subco”), and Infield Minerals Corp., a private company (“Privco”), completed a transaction (the “RTO Transaction”) whereby Subco and Privco amalgamated, and the resulting company became a wholly owned subsidiary of the Company and named Infield Mining Corp. (“Infield Mining”), and ECC2 changed its name to Infield Minerals Corp. As a result of the RTO Transaction, the Company issued to the shareholders of Privco 2.25 post-consolidation common shares of the Company for each share they held in Privco. The RTO Transaction constituted a reverse takeover under the policies of the TSX-V and a reverse acquisition for accounting purposes, with Privco deemed to have been the acquiror (Note 4).

These condensed interim consolidated financial statements have been prepared with the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business. The Company’s ability to meet its obligations and maintain its current operations through the ensuing twelve-month period and thereafter is contingent upon successful completion of additional financing arrangements and ultimately upon the discovery of proven reserves and generating profitable operations.

Management expects to be successful in arranging sufficient funding to meet operating commitments for the ensuing year. However, the Company's future capital requirements will depend on many factors, including the costs of exploring and evaluating resource properties, operating costs, the current capital market environment, and global market conditions. As at September 30, 2022, the Company has working capital of \$756,799. For significant expenditures and resource property exploration and evaluation, the Company depends almost exclusively on outside capital. Such outside capital includes the issuance of additional equity shares. There can be no assurance that capital will be available, as necessary, to meet the Company’s operating commitments and further exploration and evaluation plans. The issuance of additional equity securities by the Company may result in significant dilution to the equity interests of current shareholders. These material uncertainties cast significant doubt about the Company’s ability to continue as a going concern.

INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Unaudited – Prepared by Management)

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1. NATURE AND CONTINUATION OF OPERATIONS (continued)

These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, COVID-19 has not had an adverse impact on the Company.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. Accordingly, these condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent audited annual consolidated financial statements of the Company as at and for the year ended December 31, 2021, which are available on www.sedar.com. The Board of Directors authorized these condensed interim consolidated financial statements for issue on November 25, 2022.

Principles of consolidation

These consolidated financial statements include accounts of the Company and the following subsidiaries:

Name of subsidiary	Country of incorporation	Percentage ownership	Principal activity
Infield Minerals Nevada, Inc.	United States	100%	Inactive ⁽¹⁾
Infield Mining Corp.	Canada	100%	Exploration

⁽¹⁾ Subsidiary was incorporated on October 28, 2020 and was inactive for the years ended December 31, 2020 and 2021.

The condensed interim consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. 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. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**Basis of preparation**

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. The condensed interim consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its operating subsidiary. In addition, the condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported expenses incurred during the period. Actual results could differ from these estimates. The preparation of these condensed interim consolidated financial statements requires management to make judgements regarding the going concern of the Company, as discussed in Note 1. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Deferred tax assets and liabilities

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Unaudited – Prepared by Management)

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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental, and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Provision for environmental rehabilitation

Liabilities for environmental provisions are recognized at the time of environmental disturbance, in amounts equal to the discounted value of expected future reclamation. The provision for environmental rehabilitation represents management's best estimate of the present value of the future cash outflows required to settle the liability.

Factors that affect the final cost of remediation include estimates of the extent and costs of rehabilitation activities, the expected timing, technological changes, cost increases and changes in discount rates. Changes in the above factors can result in a change to the asset retirement obligation. This liability is reassessed and re-measured at each reporting date.

Stock options

Determining the fair value of stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate, and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity.

INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

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4. REVERSE TAKE-OVER TRANSACTION

On June 4, 2021, ECC2, Subco, and Privco, completed the RTO Transaction whereby Subco and Privco amalgamated, and the resulting company became a wholly owned subsidiary of the Company and named Infield Mining Corp. (“Infield Mining”), and ECC2 changed its name to Infield Minerals Corp. Immediately prior to the RTO Transaction, ECC2 completed a share consolidation on the basis of 2.25 old shares for 1 new share (the “Consolidation”). As a result of the RTO Transaction, the Company issued to the shareholders of Privco 2.25 post-consolidation common shares of the Company for each share they held in Privco (the “Exchange Ratio”).

The RTO Transaction constituted a reverse takeover under the policies of the TSX-V and a reverse acquisition for accounting purposes, with Privco deemed to have been the acquiror due to the fact that the former shareholders of Privco hold 93.2% of the total common shares issued and outstanding in the Company. The RTO Transaction is considered a purchase of ECC2’s net assets by the shareholders of Privco.

Although the RTO Transaction resulted in a legal business combination, from an accounting perspective, the RTO Transaction is considered to be a reverse take-over. In accordance with reverse acquisition accounting:

- i. The assets and liabilities of Privco are included at their historical value.
- ii. The net assets of ECC2 are included at fair value.
- iii. Share capital, reserves, and deficit of ECC2 up to the closing of the RTO Transaction on June 4, 2021, were eliminated.

The RTO Transaction was measured at the fair value of the shares that Privco would have to issue to shareholders of ECC2 to give shareholders of ECC2 the same percentage equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Privco acquiring ECC2.

The number of shares which results in the estimated fair value of shares of the Company retained by ECC2’s shareholders is 2,600,004 and therefore the fair value is \$1,040,002, which is based upon \$0.40 per common share from the proceeds of the QT Financings. In addition, the deemed acquisition cost includes ECC2’s stock options existing at the time of the RTO Transaction or 251,111 post-consolidated stock options. The fair value of the options was calculated using the Black-Scholes pricing model which requires the input of highly subjective assumptions; changes in the subjective input assumptions can materially affect the fair value estimate. The following assumptions were used: risk-free interest rate – 0.23%, expected life – .25 years, and 1.75 years, which pertained to the expiry dates, annualized volatility – 100%, and estimated annual dividend yield and forfeiture rate – 0%.

INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

4. REVERSE TAKE-OVER TRANSACTION (continued)

The acquisition of the net assets of ECC2 by Privco is summarized as follows:

2,600,004 shares issued	\$	1,040,002
Replacement options		49,487
Transaction costs		79,640
Total consideration		<u>1,169,129</u>
Fair value of net assets acquired:		
Cash		3,429
Receivables		2,250
Accounts payable and accrued liabilities		<u>(13,224)</u>
		<u>(7,545)</u>
Listing expense	\$	1,176,674

A listing expense of \$1,176,674 has been included in deficit to reflect the difference between the fair value of the amount paid and the fair value of the net assets acquired in accordance with IFRS 2 – Share-based payment.

5. EXPLORATION AND EVALUATION ASSETS

September 30, 2022	Desperado Property	M1 Property	Total
Acquisition costs:			
Balance, beginning of period	\$ 79,031	\$ 224,996	\$ 304,027
Additions	-	699	699
Environmental provision	60,000	(73,000)	(13,000)
Write down	<u>-</u>	<u>(152,695)</u>	<u>(152,695)</u>
Balance, end of period	<u>139,031</u>	<u>-</u>	<u>139,031</u>
Exploration costs:			
Balance, beginning of period	\$ 459,908	\$ 1,551,358	\$ 2,011,266
Incurring during the period:			
Assay work	-	(47,370)	(47,370)
Claims maintenance fees	39,608	-	39,608
Data review	90,000	45,000	135,000
Drilling	584,358	15,077	599,435
Field work	6,524	-	6,524
Reclamation	<u>-</u>	<u>45,576</u>	<u>45,576</u>
	720,490	58,283	778,773
Write down of exploration and evaluation asset	<u>-</u>	<u>(1,609,641)</u>	<u>(1,609,641)</u>
Balance, end of period	<u>1,180,398</u>	<u>-</u>	<u>1,180,398</u>
Total costs	\$ 1,319,429	\$ -	\$ 1,319,429

INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Unaudited – Prepared by Management)

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5. EXPLORATION AND EVALUATION ASSETS (continued)

December 31, 2021	Desperado Property	M1 Property	Bandit Property	Total
Acquisition costs:				
Balance, beginning of year	\$ 79,031	\$ 67,114	\$ 124,102	\$ 270,247
Additions	-	84,882	-	84,882
Environmental provision	-	73,000	-	73,000
Write down	-	-	(124,102)	(124,102)
Balance, end of year	<u>79,031</u>	<u>224,996</u>	<u>-</u>	<u>304,027</u>
Exploration costs:				
Balance beginning of year	\$ 28,808	\$ 182,854	\$ 194,289	\$ 405,951
Incurred during the year:				
Assay work	57,636	118,586	67,847	244,069
Claim maintenance fees	37,954	59,329	-	97,283
Data review	60,000	60,360	22,500	142,860
Drilling	-	1,118,271	-	1,118,271
Fieldwork	36,983	9,958	3,865	50,806
Geophysics	202,240	-	-	202,240
Mapping	-	2,000	-	2,000
Soil sampling	<u>36,287</u>	<u>-</u>	<u>39,267</u>	<u>75,554</u>
	431,100	1,368,504	133,479	1,933,083
Write down of exploration & evaluation asset	<u>-</u>	<u>-</u>	<u>(327,768)</u>	<u>(327,768)</u>
Balance, end of year	<u>459,908</u>	<u>1,551,358</u>	<u>-</u>	<u>2,011,266</u>
Total costs	\$ 538,939	\$ 1,776,354	\$ -	\$ 2,315,293

Desperado Property

The Company has acquired through ground staking 172 lode mining claims in Nye County, Nevada. The Desperado Property is 100% owned by the Company and is not subject to any royalties.

M1 Property

The Company entered into a property option agreement dated June 30, 2020, with Mercury Exploration Nevada Inc. (“MExN”) to acquire a 100% interest in 182 mineral claims located in the State of Nevada (the “M1 Agreement”). The option terms consist of a combination of cash and share payments. Pursuant to the M1 Agreement, the Company paid US\$12,500 as well as issued 168,750 common shares (post Exchange Ratio) of the Company valued at \$3,750, to MExN, on the agreement date. In order to complete the acquisition, the Company is required to make the following cash payments and issue the following shares based on the following schedule:

INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

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5. EXPLORATION AND EVALUATION ASSETS (continued)**M1 Property (continued)**

Date for Completion	Cash Payment	Number of Common Shares (post Exchange Ratio) to be Issued
On the M1 Agreement date of June 30, 2020	US\$12,500 (paid)	168,750 (issued)
On or before the one-year anniversary of the M1 Agreement	US\$35,000 (paid)	180,000 (issued)
On or before the two-year anniversary of the M1 Agreement	US\$65,000	202,500
On or before the three-year anniversary of the M1 Agreement	US\$95,000	225,000
TOTAL	US\$207,500	776,250

The Company must also incur exploration expenditures on the M1 Property of not less than \$200,000 by September 30, 2021 (incurred).

On June 30, 2022, following its assessment of the surface and drilling work completed, the Company elected to terminate the M1 Agreement, and therefore all capitalized costs were expensed in the period ended June 30, 2022.

Bandit Property

The Company entered into a property option agreement dated June 30, 2020 with MExN to acquire a 100% interest in 73 mineral claims in the State of Nevada (the “Bandit Agreement”), subject to a 2% net smelter royalty (“NSR”) on 13 claims which falls under an option assignment agreement (the “Assignment Agreement”) dated June 30, 2020 with Silver Range Resources Ltd. (“Silver Range”). Pursuant to the Bandit Agreement, the Company paid US\$17,500 as well as issued 168,750 common shares (post Exchange Ratio) of the Company valued at \$3,750, to MExN, on the agreement date.

On July 29, 2021, following its assessment of the surface work completed, the Company elected to terminate the Bandit and Assignment Agreements, and subsequently, all capitalized costs were expensed in the fiscal year ended December 31, 2021.

INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Unaudited – Prepared by Management)

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6. SHARE CAPITAL

a) Authorized

Unlimited number of common shares and preferred shares without par value.

b) Issued and outstanding

Transactions in 2021

On each of February 5, 2021, and May 5, 2021, the Company issued 75,000 common shares in connection with the VP Exploration Consulting Agreement (Note 8). A total of \$3,750 was transferred from obligation to issue shares to share capital on each issuance.

On February 26, 2021, the Company completed a private placement for aggregate gross proceeds of \$3,436,000 (the “QT Financing”). Pursuant to the terms of the QT Financing, the Company issued 8,590,000 subscription receipts (the “Subscription Receipts”) at a price of \$0.40 per Subscription Receipt.

On April 13, 2021, the Company completed a non-brokered private placement financing (the “Second Tranche Financing”) and issued 962,500 Subscription Receipts for aggregate gross proceeds of \$385,000.

On completion of the RTO Transaction, the previously issued 9,552,500 subscription receipts (8,590,000 from the QT Financing and 962,500 from the Second Tranche Financing), (collectively, the “QT Financings”) each converted into one unit of the Company for no additional consideration. Each unit consists of one share and one share purchase warrant, with each share purchase warrant entitling the holder to acquire one additional share at a price of \$0.60 per share until June 4, 2023. In connection with the QT Financings, the Company paid fees of \$360,182 and issued 535,675 agents' warrants and 17,500 finders' warrants to brokers and finders who introduced subscribers to the QT Financings. Each agent and finder warrant are exercisable into one share at a price of \$0.40 per share until June 4, 2023. Warrants included in the units were ascribed a value of \$162,393 using the residual value method in accordance with the Company’s policy.

As a result of the RTO Transaction, common shares of Privco outstanding as of June 4, 2021 were subject to the Exchange Ratio, resulting in the issuance of an aggregate of 35,606,477 post-Consolidation common shares to Privco shareholders. Following closing of the RTO Transaction, the Company had a total of 47,758,981 common shares issued and outstanding, including an aggregate of 13,478,142 common shares, which are subject to escrow, with 10% released on June 4, 2021 and 15% every six months thereafter. An additional 23,175,002 common shares are subject to additional pooling restrictions. A total of 13,612,500 pooled shares are subject to the provision of a value escrow agreement, with 10% released on June 4, 2021 and 15% every six months thereafter, and a total of 9,562,502 pooled shares were subject to four-month pooling, with 20% released on June 4, 2021 and 20% monthly thereafter.

INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

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6. SHARE CAPITAL (continued)

b) Issued and outstanding (continued)

Transactions in 2021 (continued)

On June 30, 2021, the Company issued 180,000 common shares to MExN in connection with the M1 Property Agreement (Note 5).

On each of August 5, 2021 and November 5, 2021, the Company issued 168,750 common shares in connection with the VP Exploration Consulting Agreement (Note 8). A total of \$3,750 was transferred from obligation to issue shares to share capital on each issuance.

Transactions in 2022

On each of February 5, 2022, May 5, 2022, and August 5, 2022, the Company issued 168,750 common shares in connection with the VP Exploration Consulting Agreement (Note 8). A total of \$3,750 was transferred from obligation to issue shares to share capital on each issuance.

As at September 30, 2022, an aggregate of 8,086,885 common shares are subject to escrow, and 8,194,502 common shares are subject to pooling.

c) Stock options

On February 24, 2022, the Company adopted a new security-based compensation plan (the “Omnibus Incentive Plan”) that allows the Company to implement a stock option plan (“Option Plan”), deferred share unit plan (“DSU Plan”), and a restricted share unit plan (“RSU Plan”). The Omnibus Incentive Plan is a hybrid plan (10% rolling and fixed up to 10%). Pursuant to the Option Plan, the Company can grant incentive stock options to directors, officers, employees, and technical consultants of the Company. The maximum numbers of shares that may be reserved for issuance under the Option Plan is limited to 10% of the issued common shares of the Company at any time. The vesting period for all options is at the discretion of the Board of Directors. The exercise price will be set by the Board of Directors at the time of grant and cannot be less than the discounted market price of the Company’s common shares.

The Option Plan provides that the number of common shares that may be reserved for the issuance to any one individual upon exercise of all stock options held by such an individual may not exceed 5% of the issued common shares, if the individual is a director or officer, or 2% of the issued common shares, if the individual is a consultant or engaged in providing investor relations services, on a yearly basis. All options granted under the Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability. Options granted under the Option Plan are not

INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)**c) Stock options (continued)**

transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

On June 4, 2021, the Company granted an aggregate of 2,500,000 stock options to directors, officers, and consultants to the Company, exercisable at \$0.40 per share for a period of five years, vesting quarterly over 24 months with the first vest on September 4, 2021.

On the closing of the Transaction, ECC2's previously outstanding 565,000 stock options were subject to the Consolidation.

On June 10, 2021, the Company granted an aggregate of 400,000 stock options to directors and a consultant to the Company, exercisable at \$0.40 per share for a period of five years. 250,000 of the options vest quarterly over a period of 12 months, and 150,000 vest quarterly over a period of 24 months.

On February 24, 2022, 412,500 stock options exercisable at \$0.40 per share, were cancelled, and 137,500 and 250,000 stock options exercisable at \$0.40 per share, expired unexercised, on May 24, 2022 and September 10, 2022, respectively.

On February 25, 2022, the Company granted an aggregate of 1,050,000 stock options to directors and officers of the Company, exercisable at \$0.05 per share for a period of five years, vesting quarterly over 24 months with the first vest on May 25, 2022.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2020	-	\$-
Granted	2,900,000	\$0.40
Replacement options	251,111	\$0.225
Options expired	(140,000)	\$0.225
Balance, December 31, 2021	3,011,111	\$0.39
Cancelled or expired	(800,000)	\$0.40
Granted	1,050,000	\$0.05
Balance, September 30, 2022	3,261,111	\$0.28

INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)**c) Stock options (continued)**

As at September 30, 2022, outstanding options were as follows:

Grant Date	Number of Options Outstanding	Options Exercisable	Exercise Price	Expiry Date	Remaining Contractual Life (Years)
April 18, 2018	111,111	111,111	\$0.225	April 18, 2023	0.55
June 4, 2021	2,000,000	1,250,000	\$0.40	June 4, 2026	3.68
June 10, 2021	100,000	62,500	\$0.40	June 10, 2026	3.68
February 25, 2022	1,050,000	262,500	\$0.05	February 25, 2027	4.42
Total	3,261,111	1,686,111			

d) Share purchase warrants

As part of the QT Financings, an aggregate of 9,552,500 share purchase warrants were issued. Each share purchase warrant is exercisable to acquire one share at a price of \$0.60 per share until June 4, 2023.

A summary of the Company's share purchase warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2020	-	\$-
Issued	9,552,500	\$0.60
Balance, December 31, 2021, and September 30, 2022	9,552,500	\$0.60

As at June 30, 2022, outstanding share purchase warrants were as follows:

Issue Date	Number of Share Purchase Warrants	Exercise Price	Expiry Date	Remaining Contractual Life (Years)
June 4, 2021	9,552,500	\$0.60	June 4, 2023	0.67
Total	9,552,500			

INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

e) Agent and finders' warrants

In connection with the QT Financings, the Company issued 535,675 agents' warrants and 17,500 finders' warrants to brokers and finders who introduced subscribers to the QT Financings. Each agent and finder warrant is exercisable into one share at a price of \$0.40 per share until June 4, 2023.

The agent's and finders' warrants were determined to have a fair value of \$107,055 using a Black-Scholes option pricing model with the following assumption; share price - \$0.38, exercise price - \$0.40, risk free rate – 0.23%, expected life – 2 years, and annualized volatility – 100%.

A summary of the Company's agent and finders' warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2020	-	\$-
Issued	553,175	\$0.40
Balance, December 31, 2021, and September 30, 2022	553,175	\$0.40

As at September 30, 2022, outstanding agent and finders' warrants were as follows:

Issue Date	Number of Agent and Finders' Warrants	Exercise Price	Expiry Date	Remaining Contractual Life (Years)
June 4, 2021	553,175	\$0.40	June 4, 2023	0.67
Total	553,175			

7. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company is not exposed to any externally imposed capital requirements. There were no changes to the Company's approach to capital management during the period ended September 30, 2022.

INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management fees for the nine months ended September 30, 2022 and 2021 are as follows:

Nature of the Services	September 30, 2022	September 30, 2021
Consulting fees	\$ 135,000	\$ 107,500
Exploration costs	135,000	135,000
Share based compensation	79,635	107,204
	\$ 349,635	\$ 349,704

Additionally, on August 5, 2020, the Company entered into a consulting agreement with its Vice President – Exploration (the “VP Exploration Consulting Agreement”), pursuant to which he is to be paid \$40,000 via the issuance of 800,000 Privco common shares of the Company at a price of \$0.05 per Privco common share. 200,000 common shares were issued on the effective date of the consulting agreement, and 75,000 common shares were issued on each of November 5, 2020, February 5, 2021, and May 5, 2021, and capitalized to exploration and evaluation assets. All 425,000 common shares were subject to the Exchange Ratio upon closing of the RTO Transaction. The balance (843,750 post Exchange Ratio common shares) were issued quarterly (168,750 common shares per quarter) commencing August 5, 2021. On each of August 5, 2021, November 5, 2021, February 5, 2022, May 5, 2022, and August 5, 2022, 168,750 common shares were issued, and capitalized to exploration and evaluation assets.

The following table comprises amounts due to related parties:

		September 30, 2022	December 31, 2021
Evandra Nakano	Director and Officer of the Company	5,412	3,302
Total		\$ 5,412	\$ 3,302

INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Cash is classified as fair value through profit or loss. Reclamation deposits, accounts payable and accrued liabilities and due to related parties are classified as amortized cost. The fair value of these financial instruments approximate their carrying values due to their short-term nature, which is the amount recorded on the statement of financial position.

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. 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 of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality institutions. Management believes that the credit risk related to its cash is negligible.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 7.

All the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

Foreign currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. As at September 30, 2022, certain of the Company's cash and accounts payable and accrued liabilities are denominated in US dollars. The balances are subject to foreign exchange fluctuation. A 1% change in the foreign exchange rate would not have a material impact on profit or loss.

INFIELD MINERALS CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's sensitivity to interest rates is considered insignificant.

Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Management closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

10. SEGMENTED INFORMATION

The Company operates in one reportable segment, being the exploration and evaluation of mineral properties. All of the Company's reclamation deposits, and exploration and evaluation assets are located in the United States.