

INFIELD MINERALS CORP.

Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the years ended December 31, 2022 and 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Infield Minerals Corp.

Opinion

We have audited the accompanying consolidated financial statements of Infield Minerals Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our auditor's report.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.



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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

A handwritten signature in black ink that reads "Davidson & Coysany LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 12, 2023

INFIELD MINERALS CORP.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	December 31, 2022	December 31, 2021
Assets		
Current Assets		
Cash	\$ 663,998	\$ 1,895,329
GST receivable	79,540	65,530
Prepaid expenses	10,085	20,135
	753,623	1,980,994
Reclamation deposit	54,760	61,903
Exploration and evaluation assets (Note 5)	1,316,074	2,315,293
Total Assets	\$ 2,124,457	\$ 4,358,190
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 45,939	\$ 126,082
Due to related parties (Note 8)	2,922	3,302
	48,861	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)	1,103,002	845,097
Deficit	(5,391,678)	(2,980,563)
	2,075,596	4,228,806
Total Liabilities and Shareholders' Equity	\$ 2,124,457	\$ 4,358,190

Nature and continuance of operations (Note 1)

Approved on Behalf of the Board on April 11, 2023

"Evandra Nakano"

Evandra Nakano – Director/CEO

"Scott Ackerman"

Scott Ackerman - Director

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

INFIELD MINERALS CORP.Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	For the year ended December 31, 2022	For the year ended December 31, 2021
Expenses		
Consulting fees (Note 8)	202,500	178,000
Foreign exchange loss/(gain)	(2,220)	863
General and administrative	54,287	68,037
Professional fees	76,326	147,795
Share-based compensation (Note 6)	257,905	526,162
Shareholder communications	20,851	204,024
Transfer agent and filing fees	28,581	62,901
	<u>638,230</u>	<u>1,187,782</u>
Other Items		
Listing expense (Note 4)	-	1,176,674
Write down of exploration and evaluation asset (Note 5)	1,772,885	451,870
	<u>1,762,885</u>	<u>1,628,544</u>
Loss and comprehensive loss for the year	\$ (2,411,115)	\$ (2,816,326)
Weighted average number of common shares outstanding – basic and diluted		
	48,607,971	34,350,977
Basic and diluted loss per share	\$ (0.05)	\$ (0.08)

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

INFIELD MINERALS CORP.

Consolidated Statements of Changes in Shareholders' Equity
(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 exploration and evaluation assets	506,250	11,250	(11,250)	-	-	-
Share-based compensation	-	-	-	257,905	-	257,905
Loss for the year	-	-	-	-	(2,411,115)	(2,411,115)
Balance, December 31, 2022	48,782,731	\$ 6,364,272	\$ -	\$ 1,103,002	\$ (5,391,678)	\$ 2,075,596

	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	1,040,002	-	49,487	-	1,089,489
Shares issued on exchange of Infield shares for ECC2 shares (Note 4)	19,781,377	-	-	-	-	-
Shares issued for exploration and evaluation assets (Note 5)	180,000	41,400	-	-	-	41,400
Share issuance costs—brokers warrants	-	(107,055)	-	107,055	-	-
Residual value of warrants	-	(162,393)	-	162,393	-	-
Share issuance costs (Note 6)	-	(360,182)	-	-	-	(360,182)
Shares issued for consulting services (Note 6)	487,500	15,000	(15,000)	-	-	-
Share-based compensation	-	-	-	526,162	-	526,162
Loss for the year	-	-	-	-	(2,816,326)	(2,816,326)
Balance, December 31, 2021	48,276,481	\$ 6,353,022	\$ 11,250	\$ 845,097	\$ (2,980,563)	\$ 4,228,806

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

INFIELD MINERALS CORP.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	For the year ended December 31, 2022	For the year ended December 31, 2021
Cash provided by (used in):		
Operating Activities:		
Loss for the year	\$ (2,411,115)	\$ (2,816,326)
Non-cash items:		
Listing expense	-	1,176,674
Share-based compensation	257,905	526,162
Write down of exploration and evaluation asset	1,772,885	451,870
Net change in non-cash working capital items:		
Accounts payable and accrued liabilities	(155,364)	(15,281)
Due to related parties	(380)	(13,052)
Prepaid expenses	10,050	(13,471)
GST receivable	(14,010)	(58,135)
	(540,029)	(761,559)
Financing Activities:		
Proceeds from the issuance of common shares	-	3,821,000
Share issuance costs (Note 6)	-	(360,182)
	-	3,460,818
Investing Activities:		
Exploration and evaluation assets	(698,445)	(2,022,995)
Reclamation deposit paid	(15,006)	(61,903)
Reclamation deposit refunded	22,149	-
Cash received on RTO	-	3,430
RTO transaction costs	-	(79,640)
	(691,302)	(2,161,108)
Increase/(decrease) in cash for the year	(1,231,331)	538,151
Cash, beginning of the year	1,895,329	1,357,178
Cash, end of the year	\$ 663,998	\$ 1,895,329
Supplemental information:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-cash transactions:		
Common shares issued for exploration and evaluation assets	\$ 11,250	\$ 56,400
Exploration and evaluation assets included in accounts payable	\$ 16,000	\$ 91,221
Fair value of replacement options	\$ -	\$ 49,487
Fair value of broker warrants	\$ -	\$ 107,055
Residual value of warrants	\$ -	\$ 162,393
Obligation to issue shares for exploration and evaluation assets	\$ -	\$ 11,250

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

INFIELD MINERALS CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(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 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 December 31, 2022, the Company has working capital of \$704,762. 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 Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

1. NATURE AND CONTINUATION OF OPERATIONS (continued)

These 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

Statement of compliance

The 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 interpretations issued by the International Financial Reporting Interpretations committee (“IFRIC”). The Board of Directors authorized these consolidated financial statements for issue on April 11, 2023.

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, 2021 and 2022.

The 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 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 Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

Basis of preparation

The 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 consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiaries. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Use of estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses incurred during the period. Actual results could differ from these estimates. The preparation of these consolidated financial statements requires management to make judgments 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.

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

INFIELD MINERALS CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

Exploration and evaluation assets (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income of loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement. A deferred tax

INFIELD MINERALS CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Income taxes (continued)

asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

(b) Share capital

Common shares are classified as shareholders' equity (deficiency). Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Proceeds from the issue of units is allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common shares and any residual value is allocated to common share purchase warrants.

(c) Financial instruments

Recognition

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

INFIELD MINERALS CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

The Company has implemented the following classifications:

- Cash is classified as assets at fair value and any period change in fair value is recorded in profit or loss.
- Reclamation deposit is classified as financial asset carried at amortized cost.
- Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities and measured at amortized cost using the effective interest rate method. Interest expense is recorded in profit or loss.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Transaction costs of financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit or loss or other comprehensive income (irrevocable election at the time of recognition).

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

(d) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

INFIELD MINERALS CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**(e) Impairment**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(f) Exploration and evaluation assets

Costs incurred before the Company has obtained the legal rights to explore an area are expensed in the period in which they are incurred.

Costs incurred to acquire the legal right to explore a property are capitalized. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized on a property-by-property basis. These direct expenditures include such costs as surveying costs, drilling costs, labor and contractor costs, materials used and licensing and permit fees.

Once the technical feasibility and commercial viability of extracting the mineral resource have been determined the property is considered to be under development and is classified as development properties. The carrying value of exploration and evaluation assets is transferred to development properties after being tested for impairment.

Once commercial production has commenced, all capitalized costs related to the property are transferred to producing properties and the costs of acquisition, exploration and development will be amortized over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property, with any excess included in other income for the period. If a property is abandoned, the acquisition, deferred exploration and development costs will be written off to other expenses.

INFIELD MINERALS CORP.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**(f) Exploration and evaluation assets (continued)**

Currently, the Company's mineral property is exploration stage.

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty, and it is reasonably possible, based on existing knowledge that changes in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded as incurred.

(g) Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest. As at December 31, 2022, the Company has a \$16,000 (2021 - \$73,000) provision for environmental rehabilitation which is recorded in accounts payable and accrued liabilities.

(h) Share-based payments

The stock option plan allows Company directors, officers, employees, and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in shareholders' equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from share-based payment reserve to share capital.

In situations where equity instruments are issued to non-employees and some or all the services received by the entity as consideration cannot be specifically identified, they are all measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the services received.

INFIELD MINERALS CORP.

Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Share-based payments (continued)

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

(i) New and amended accounting policies

There were no new or amended IFRS pronouncements effective January 1, 2022 that impacted these consolidated financial statements.

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; and 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.

INFIELD MINERALS CORP.

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4. REVERSE TAKE-OVER TRANSACTION (continued)

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%.

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	\$	<u>1,176,674</u>

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.

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5. EXPLORATION AND EVALUATION ASSETS

December 31, 2022	Desperado Property	M1 Property	Total	
Acquisition costs:				
Balance, beginning of year	\$ 79,031	\$ 224,996	\$ 304,027	
Additions	308	1,248	1,556	
Environmental provision	6,000	10,000	16,000	
Write down	<u>-</u>	<u>(236,244)</u>	<u>(236,244)</u>	
Balance, end of year	<u>85,339</u>	<u>-</u>	<u>85,339</u>	
Exploration costs:				
Balance, beginning of year	\$ 459,908	\$ 1,551,358	\$ 2,011,266	
Incurring during the year:				
Assay work	-	(47,370)	(47,370)	
Claims maintenance fees	39,608	-	39,608	
Data review	120,000	45,000	165,000	
Drilling	585,117	15,077	600,194	
Field work	6,525	-	6,525	
Reclamation	<u>19,577</u>	<u>(27,424)</u>	<u>(7,847)</u>	
	770,827	(14,717)	756,110	
Write down of exploration and evaluation asset	<u>-</u>	<u>(1,536,641)</u>	<u>(1,536,641)</u>	
Balance, end of year	<u>1,230,735</u>	<u>-</u>	<u>1,230,735</u>	
Total costs	\$ 1,316,074	\$ -	\$ 1,316,074	

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	<u>-</u>	<u>-</u>	<u>(124,102)</u>	<u>(124,102)</u>
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
Incurring 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

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

The Company has acquired through ground staking various 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 various 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:

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, the Company elected to terminate the M1 Agreement, and therefore all capitalized costs were expensed.

Bandit Property

The Company entered into a property option agreement dated June 30, 2020 with MExN to acquire a 100% interest in various mineral claims in the State of Nevada (the “Bandit Agreement”), subject to a 2% net smelter royalty on certain 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.

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5. EXPLORATION AND EVALUATION ASSETS (continued)

Bandit Property (continued)

On July 29, 2021, 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.

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

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6. SHARE CAPITAL (continued)

b) Issued and outstanding (continued)

Transactions in 2021 (continued)

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.

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 7, 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 December 31, 2022, an aggregate of 6,191,724 common shares are subject to escrow (2021 – 10,108,605), and 6,125,627 common shares are subject to pooling (2021 – 10,209,777).

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

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

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

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, December 31, 2022	3,261,111	\$0.28

As at December 31, 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	0.30
June 4, 2021	2,000,000	1,500,000	\$0.40	June 4, 2026	3.43
June 10, 2021	100,000	75,000	\$0.40	June 10, 2026	3.43
February 25, 2022	1,050,000	393,750	\$0.05	February 25, 2027	4.17
Total	3,261,111	2,079,861			

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

The fair value of options granted was determined using the Black-Scholes option pricing model. For all grants, the assumed dividend yield and forfeiture rate were nil and nil, respectively. Other weighted average assumptions for the options granted in the years ended December 31, 2022 and 2021, were as follows:

	December 31, 2022	December 31, 2021
Expected life of options	5 years	5 years
Annualized volatility	100%	100%
Risk-free interest rate	1.6%	0.44%
Weighted average share price on grant date	\$0.04	\$0.40
Weighted average Black-Scholes fair value	\$0.03	\$0.30

d) Share purchase warrants

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 2022	9,552,500	\$0.60

As at December 31, 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	0.42
Total	9,552,500			

e) Agent and finders' warrants

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 2022	553,175	\$0.40

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6. SHARE CAPITAL (continued)

e) Agent and finders warrants (continued)

As at December 31, 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	0.42
Total	553,175			

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%.

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 year ended December 31, 2022.

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.

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

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

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8. RELATED PARTY TRANSACTIONS (continued)

Key management fees for the years ended December 31, 2022 and 2021 are as follows:

Nature of the Services	December 31, 2022	December 31, 2021
Consulting fees	\$ 193,500	\$ 159,500
Exploration costs	165,000	142,500
Share based compensation	244,432	195,924
	\$ 602,932	\$ 497,924

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. As at December 31, 2022, no additional shares are issuable in connection with the VP Exploration Consulting Agreement.

The following table comprises amounts due to related parties:

		December 31, 2022	December 31, 2021
Evandra Nakano	Director and Officer of the Company	2,922	3,302
Total		\$ 2,922	\$ 3,302

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

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9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

financial instruments approximate their carrying values, 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 liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality institutions. The Company's maximum exposure to credit risk is equal to the carrying amount of cash and GST receivable. Management believes that the credit risk related to its cash and GST receivable 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 December 31, 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.

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.

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10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2022	2021
Loss before taxes	\$(2,411,115)	\$(2,816,326)
Expected income tax (recovery)	(651,000)	(760,000)
Change in statutory, foreign tax, foreign exchange rates and other	(1,000)	(1,000)
Permanent differences	70,000	428,000
Impact of reverse takeover	-	(121,000)
Share issue costs	-	(126,000)
Change in unrecognized deductible temporary differences	582,000	580,000
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's unrecognized temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2022	Expiry Date Range	2021	Expiry Date Range
Temporary differences				
Exploration and evaluation assets	\$ 2,225,000	No expiry date	\$ 450,000	No expiry date
Other temporary differences	75,000	No expiry date	75,000	No expiry date
Share issue costs	283,000	2043 to 2046	386,000	2042 to 2045
Non-capital losses available for future periods	1,889,000	2038 to 2042	1,405,000	2038 to 2041

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. 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.