

EASTFIELD RESOURCES LTD.

Condensed Interim Financial Statements
For the Three and Six Months Ended August 31, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)

110-325 Howe Street,
Vancouver, B.C. V6C 1Z7
Tel: (604) 681-7913
Fax: (604) 681-9855

NOTICE TO READER:

These condensed interim financial statements have not been reviewed by the Company's external auditors. These statements have been prepared by and are the responsibility of the Company's management.

Eastfield Resources Ltd.
Condensed Interim Statements of Financial Position
(Unaudited – Expressed in Canadian dollars)

	August 31, 2022	February 28, 2022
ASSETS		
Current		
Cash and cash equivalents	\$ 92,800	\$ 111,271
Accounts receivable	6,943	10,638
Receivable from related parties (Note 9)	21,005	20,247
	120,748	142,156
Investments (Note 3)	1,122,328	1,719,247
Exploration and evaluation assets (Note 4)	1,281,745	1,412,115
Project deposits (Note 4)	139,146	139,146
Equipment	11,785	11,785
Right-of-use asset (Note 5)	90,936	106,926
Investment in sub-leases (Note 5)	217,690	248,440
	2,984,378	3,779,815
Cash and cash equivalents		
	\$ 2,984,378	\$ 3,779,815
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 97,901	\$ 109,389
Lease obligations - current (Note 5)	85,500	98,456
Other liabilities (Note 6)	-	10,257
Payable to related parties (Note 9)	3,908	7,956
	187,309	226,058
Lease obligations – long term (Note 5)	242,374	274,205
	429,683	500,263
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	4,497,095	4,497,095
Warrant reserve (Note 6)	162,340	162,340
Options reserve (Note 6)	941,852	941,852
Accumulated other comprehensive (loss) income	(261,345)	300,529
Deficit	(2,785,247)	(2,622,264)
	2,554,695	3,279,552
	\$ 2,984,378	\$ 3,779,815

Nature and continuance of operations (Note 1)

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

Eastfield Resources Ltd.

Condensed Interim Statements of Loss and Comprehensive Loss (Income) For the Three and Six Months Ended August 31, 2022 and 2021

(Unaudited – Expressed in Canadian dollars)

	Three Months Ending		Six Months Ending	
	August 31, 2022	August 31, 2021	August 31, 2022	August 31, 2021
Expenses				
Bank charges	\$ 487	\$ 494	\$ 871	\$ 907
Consulting	3,000	6,000	8,000	10,500
Depreciation	7,995	7,700	15,990	15,400
Dues and licenses	344	-	569	508
Investor relations	7,804	4,831	11,668	9,216
Legal and audit	-	2,438	262	2,438
Office	2,910	2,645	4,146	3,697
Salaries and benefits	6,778	6,408	13,592	12,808
Telephone	766	665	1,387	1,327
Transfer and filing fees	3,237	1,880	6,024	4,759
	33,321	33,061	62,509	61,560
Other expense/(income)				
Decrease in the fair value of derivative investments	-	178,750	104,749	205,547
Recovery of tax deductions sold to investors	(10,257)	-	(10,257)	-
Interest income	(104)	(94)	(237)	(277)
Interest income on sub-leases	(5,000)	(5,060)	(10,750)	(11,340)
Interest expense on lease obligations	8,801	10,051	16,969	19,751
	26,761	216,708	162,983	275,241
NET LOSS	26,761	216,708	162,983	275,241
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified to net income or loss				
Change in the fair value of equity investments (Note 3)	530,198	690,368	561,874	425,983
	530,198	690,368	561,874	425,983
COMPREHENSIVE LOSS (INCOME)	\$ 556,959	\$ 907,076	\$ 724,857	\$ 701,224
BASIC AND DILUTED LOSS PER SHARE (Note 8)	\$ 0.000	\$ 0.004	\$ 0.003	\$ 0.006
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic and diluted	51,144,919	48,629,702	51,144,919	47,019,145

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

Eastfield Resources Ltd.**Condensed Interim Statements of Changes in Shareholders' Equity**

(Unaudited – Expressed in Canadian dollars)

	Number of Common Shares	Share Capital (Note 6)	Warrant Reserve (Note 6)	Options Reserve (Note 6)	Accumulated Other Comprehensive Income/(Loss)	Deficit	Total Equity
Balance, February 28, 2021	46,694,919	\$ 4,309,072	\$ 57,168	\$ 829,352	\$ 781,764	\$ (1,981,668)	\$ 3,995,688
Change in fair value of investments (Note 3)	-	-	-	-	(425,983)	-	(425,983)
Private placement (net of share issue costs)	4,450,000	420,500	-	-	-	-	420,500
Fair value of warrants issued	-	(46,950)	46,950	-	-	-	-
Net loss for the period	-	-	-	-	-	(275,241)	(275,241)
Balance, August 31, 2021	51,144,919	\$ 4,682,622	\$ 104,118	\$ 829,352	\$ 355,781	\$ (2,256,909)	\$ 3,714,964
Balance, February 28, 2022	51,144,919	\$ 4,497,095	\$ 162,340	\$ 941,852	\$ 300,529	\$ (2,622,264)	\$ 3,279,552
Change in fair value of investments (Note 3)	-	-	-	-	(561,874)	-	(561,874)
Net loss for the period	-	-	-	-	-	(162,983)	(162,983)
Balance, August 31, 2022	51,144,919	\$ 4,497,095	\$ 162,340	\$ 941,852	\$ (261,345)	\$ (2,785,247)	\$ 2,554,695

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

Eastfield Resources Ltd.
Condensed Interim Statements of Cash Flows
For the Six Months Ended August 31, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)

Cash provided by (used in)	2022	2021
Operating activities		
Net loss	\$ (162,983)	\$ (275,241)
Adjustments to reconcile cash to net loss from operating activities:		
Change in fair value of derivative investments	104,749	205,547
Depreciation	15,990	15,400
Interest income on sub-leases	(10,750)	(11,340)
Interest expense on lease obligations	16,969	19,751
Recovery of fair value of tax deductions sold to investors	(10,258)	-
	(46,283)	(45,883)
Changes in non-cash working capital components		
Accounts receivable	3,695	(3,938)
Receivable from related parties	(758)	6382
Payable to related parties	(4,048)	10,261
Accounts payable and accrued liabilities	(11,488)	15,821
	(58,882)	(17,357)
Investing activities		
Property option payments	85,000	96,810
Mineral property exploration expenditures	(24,334)	(428,556)
Investments	-	(19,310)
	60,666	(351,056)
Financing activities		
Private placement net of share issue costs	-	420,500
Net lease payments	(20,255)	(19,073)
	(20,255)	401,427
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(18,471)	33,014
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	111,271	258,183
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 92,800	\$ 291,197
Supplemental cash flow information		
Interest paid	\$ 16,969	\$ 19,751
Interest received	237	277

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

Eastfield Resources Ltd.
Notes to the Condensed Interim Financial Statements
For the three and six months ended August 31, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Eastfield Resources Ltd. (the “Company”) was incorporated in the Province of British Columbia. Its principal business activities are the acquisition and exploration of gold, copper and other precious and base metal properties in Canada. The Company is in the process of actively exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The Company is considered to be in the exploration stage and does not have operating cash flows.

The Company’s shares are listed for trading on the TSX Venture Exchange (the “Exchange”) under the symbol ETF. Its registered office is located at 110-325 Howe Street, Vancouver, British Columbia V6C 1Z7.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect the adjustments or reclassifications that would be necessary if the Company were unable to continue operations. Such adjustments and reclassifications could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting of International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). The condensed interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended February 28, 2022, which have been prepared in accordance with IFRS.

These financial statements were approved for issue by the Company’s board of directors on October 28, 2022

Accounting estimates and judgments

The preparation of these interim condensed financial statements required management to make estimates, judgments and assumptions that affect the reported amounts and other disclosures in these financial statements. Estimates and the underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these financial statements include, among others, the impairment of carrying values of equipment and exploration and evaluation assets, the determination of realizable amounts of deferred tax assets and liabilities, and the initial measurement at fair value for equity instruments and share-based compensation.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting judgments include the expected economic lives of and the estimated future operating results and net cash flows from equipment and the identification of potential indicators of impairment for exploration and evaluation assets.

Eastfield Resources Ltd.
Notes to the Condensed Interim Financial Statements
For the three and six months ended August 31, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)

3. INVESTMENTS

The Company has the following investments in equity instruments:

	August 31, 2022			February 28, 2022		
	Number of Shares	Cost	Fair Value	Number of Shares	Cost	Fair Value
Investments in Equity Instruments Measured at FVOCI						
Cariboo Rose Resources Ltd.	208,000	\$ 14,925	\$ 8,320	208,000	\$ 14,925	\$ 12,480
Consolidated Woodjam Copper Corp.	11,751,805	668,074	822,627	11,751,805	668,074	1,233,939
Northwest Copper Corp.	186,289	392,873	58,681	186,289	392,873	124,814
West Oak Gold Corp	200,000	20,000	20,000	200,000	20,000	30,000
Alpha Copper Corp. (formerly Prophecy Potash Corp.)	313,530	119,014	159,900	176,856	49,310	153,865
GK Resources Ltd.	330,000	49,500	52,800	330,000	49,500	59,400
		1,264,386	1,122,328		1,194,682	1,614,498
Investments in Derivative Instruments Measured at FVTPL						
Consolidated Woodjam Copper Corp. (warrants, exercise price \$0.08, expiry date June 24, 2022)	-	-	-	3,250,000	16,250	104,749
Total Investments		\$1,264,386	\$ 1,122,328		\$1,210,932	\$1,719,247

The Company has irrevocably designated investments in equity instruments as measured at FVOCI rather than FVTPL as they are not held for trading and the FVOCI classification is considered more appropriate for these strategic investments. The fair value of these equity investments is based on quoted market prices which is a Level 1 fair value measurement.

Eastfield Resources Ltd.
Notes to the Condensed Interim Financial Statements
For the three and six months ended August 31, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

Acquisition and exploration expenditures incurred on mineral properties for the six months ended August 31, 2022 and 2021 are:

	<u>August 31, 2022</u>	<u>August 31, 2021</u>
ACQUISITION COSTS		
Balance, beginning of the period	\$ 509,699	\$ 505,033
Incurred during the period	-	-
Balance, end of the period	<u>509,699</u>	<u>505,033</u>
EXPLORATION EXPENDITURES		
Communications	90	928
Equipment and vehicle rental	5,722	9,042
Field Equipment	9	921
Food and accommodations	210	29,069
Fees and permits	63	-
Freight	-	467
Geological	-	99
Other	275	9,732
Professional fees and field crews	17,760	106,150
Surveying	-	40,100
Transportation and fuel	205	135,375
	<u>24,334</u>	<u>428,556</u>
Balance, beginning of the period	<u>2,015,809</u>	1,538,273
Balance, end of the period	<u>2,040,143</u>	<u>1,966,829</u>
OPTION PROCEEDS		
Balance, beginning of the period	(1,113,393)	(966,583)
Proceeds received during the period	(154,704)	(96,810)
Balance, end of the period	<u>(1,268,098)</u>	<u>(1,063,393)</u>
	<u>\$ 1,281,745</u>	<u>\$ 1,408,469</u>

Indata Property, Omineca Mining Division, British Columbia

The Company has a 91.3% interest in the Indata property. Imperial Metals Corporation (“Imperial Metals”) owns the remaining 8.7% interest. This interest will be reduced if Imperial Metals fails to make its proportionate share of exploration and other payments on the property.

On June 20, 2018, the Company entered into an option agreement with Alpha Copper Corp. (“Alpha” formally Prophecy Potash Corp.) whereby Alpha may earn a 60% interest in the Indata property by making \$250,000 in cash payments, issuing \$150,000 in shares and completing \$2,000,000 in exploration work over a five-year period ending June 20, 2023.

Eastfield Resources Ltd.
Notes to the Condensed Interim Financial Statements
For the three and six months ended August 31, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Hedge Hog Project

The Company owns a 100% interest in the copper, gold, silver, cobalt Hedge Hog project located in the Cariboo Mining division in British Columbia.

In December 2020, the Company optioned a 60-per-cent interest to privately controlled West Oak Gold Corp (“West Oak”). To earn its interest, West Oak must make payments (cash and/or shares) totaling \$377,500 and complete \$1.75-million in exploration expenditures over a four-year term. Upon completion of the earn-in, Eastfield will retain a 40-per-cent working interest and a 0.5-per-cent net smelter return royalty.

Zymo Property, Skeena Mining Division, British Columbia

The Company holds a 100% interest in the Zymo property.

CR Property, Cariboo Mining Division, British Columbia

The Company holds a 100% interest in the CR property.

Iron Lake Property, Clinton Mining Division, British Columbia

The Company acquired 100% of the Iron Lake property from Canevex Resources Ltd. Canevex Resources Ltd. is owned by two directors of the Company. The Company has reserved a 1.5% net smelter royalty for the vendors.

Option agreement with Tech-X Resources

In May 2021, the Company entered into an agreement with Tech-X Resources Inc. (“Tech-X”) whereby Tech-X can earn a 51% interest in the property by incurring escalating exploration expenditures totaling \$4,500,000 and making escalating option payments totaling \$520,000 over a five-year term. Thereafter Tech-X can earn an additional 29% (80% total) by completing an additional \$7,500,000 in exploration and making an additional \$480,000 in cash payments over a further two-year period.

Tech-X has also entered into an agreement with the original vendors of the Iron Lake properties who hold a 1.5% net smelter return on production from the Eastfield claims (“the Royalty”). The Production Royalty Purchase Agreement allows Tech-X to purchase up to two thirds of the Royalty for \$3,000,000 and retain a first right of refusal to purchase the balance. Escalating advance royalty payments totaling \$500,000 are payable over 80 months as a credit towards the purchase following commencement of commercial production. In the event that Tech-X elects not to exercise its purchase option then the advance royalty payments are repayable to Tech-X out of production and Eastfield will then be allowed to purchase the Royalty for \$3,000,000 and if it so chooses to purchase the entire Royalty for \$4,500,000.

Project Deposits

\$28,646 in deposits provided to the Ministry of Energy and Mines of British Columbia (the “Ministry”) and \$110,500 in term deposits, bearing interest at rates ranging from 0.20% to 0.75% and maturing between May 19, 2022 and May 15, 2023, are provided as reclamation bonds for the above mineral properties. The term deposits will continue to be renewed to comply with the Ministry’s requirements. As these reclamation bonds are required to be in place whilst the Company has ownership of these mineral properties, they are recorded as non-current assets.

Eastfield Resources Ltd.
Notes to the Condensed Interim Financial Statements
For the three and six months ended August 31, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)

5. RIGHT-OF-USE ASSET AND LEASE OBLIGATIONS

The Company leases office space under a lease agreement which expires on June 30, 2025. The Company's right-of-use asset and estimated future lease payments over the remaining term of the lease are:

Right-of-use Asset	Cost	Accumulated Depreciation	Carrying Amount
Balance February 28, 2021	\$ 198,922	\$ (60,012)	\$ 138,910
Additions	-	(31,984)	(31,984)
Balance February 28, 2022	198,922	(91,995)	106,926
Additions	-	(15,990)	(15,990)
Balance August 31, 2022	\$ 198,922	\$ (107,985)	\$ 90,936
Lease Obligations			
2022	\$ 64,365		
2023 to 2025	301,009		
Total future payments	365,374		
Less: interest	(37,500)		
Lease obligations	327,874		
Less: current portion	(85,500)		
Lease obligations – long term	\$ 242,374		

The Company sub-leases a portion of its office space to two companies, Cariboo Rose Resources Ltd. and Consolidated Woodjam Copper Corp., with directors and officers in common. These sub-lease agreements have the same lease term as the head lease described above.

Investment in Office Sub-leases

Balance, February 28, 2021	\$ 305,541
Sub-lease payments received	(79,983)
Interest income	22,882
Balance, February 28, 2022	248,440
Sub-lease payments received	(41,500)
Interest income	10,750
Balance, August 31, 2022	\$ 217,690

6. SHARE CAPITAL

Authorized

Unlimited common shares without par value
Unlimited preferred shares without par value

Other Liabilities

The estimated fair value of the tax deductions sold to investors in connection with the issue of flow through shares during the year ended February 28, 2022 was \$127,305, of which \$117,048 has been recognized on the statement of loss and comprehensive loss as other income for the year ended February 28, 2022, and \$10,257 has been recognized on the statement of loss and comprehensive loss as other income for the six months ended August 31, 2022

Eastfield Resources Ltd.
Notes to the Condensed Interim Financial Statements
For the three and six months ended August 31, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)

6. SHARE CAPITAL (continued)

Share Purchase Options (continued)

The Company issues options to directors, officers, and employees of the Company, and persons who provide ongoing services to the Company, under an incentive stock option plan. Share option terms issued under this stock option plan are at the discretion of the Board of Directors and generally include exercise prices based on the fair market value of the common shares at the grant date. Options will normally vest entirely on the date of grant for directors, officers and employees and at the rate of 25% on the date of the grant and 25% every three months thereafter for consultants.

A summary of changes in common share purchase options for the six months ended August 31, 2022 and 2021 are:

	August 31, 2022		August 31, 2021	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, beginning of the period	4,370,000	\$ 0.07	3,275,000	\$ 0.08
Cancelled/Expired	(150,000)	-	(780,000)	0.13
Options exercisable, August 31, 2022	4,220,000	\$ 0.07	2,495,000	\$ 0.06

The following common share purchase options are outstanding at August 31, 2022:

Expiry Date	Options Outstanding			Options Exercisable	
	Number of shares	Exercise price	Weighted Average Remaining Life (Years)	Number of shares	Exercise price
April 30, 2023	300,000	\$ 0.10	0.66	300,000	\$ 0.10
September 26, 2023	300,000	0.05	1.07	300,000	0.05
November 24, 2024	495,000	0.05	2.24	495,000	0.05
December 19, 2024	650,000	0.05	2.30	650,000	0.05
September 15, 2026	1,875,000	0.08	4.04	1,875,000	0.08
January 17, 2027	100,000	0.10	4.38	100,000	0.10
October 10, 2027	500,000	0.05	5.11	500,000	0.05
	4,220,000		3.25	4,220,000	

Share Purchase Warrants

The Company has warrants outstanding entitling the holders to purchase of 4,695,000 common shares at a price of \$0.15 per share until December 28, 2022. A summary of changes in common share purchase warrants for the six months ended August 31, 2022 is:

	Number of Warrants	Weighted Average Exercise Price
Balance, February 28, 2022	6,495,000	\$ 0.14
Expired on June 13, 2022	(1,800,000)	0.10
Balance, February 28, 2022	4,695,000	\$ 0.15

7. SEGMENTED DISCLOSURES

The Company operates in one industry segment, the acquisition and exploration of mineral properties, within one geographical area, Canada. For the three and six months ended August 31, 2022 and 2021 all income was earned and all expenses were incurred in Canada and all non-current assets were held in Canada.

Eastfield Resources Ltd.
Notes to the Condensed Interim Financial Statements
For the three and six months ended August 31, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)

8. LOSS PER SHARE

The Company's diluted loss per share is equal to its basic loss per share. Outstanding share purchase options and warrants could potentially dilute basic loss per share in the future but were not included in the calculation of diluted loss per share because they are antidilutive for the three months ended August 31, 2022 and 2021.

9. RELATED PARTY DISCLOSURES

Related party transactions are recorded at the exchange amount agreed to by the parties.

During the six months ended August 31, 2022 payments of \$8,000 (2021 - \$10,000) were made to the Chief Financial Officer, who is also a director of the Company, for accounting services.

During the six months ended August 31, 2022, geological services amounting to \$33,149 (six months ended August 31, 2021 - \$378,163) were provided to the Company by Mincord Exploration Consultants Ltd. ("Mincord"), a geological service company owned by two directors of the Company. Mincord's relationship with the Company is non-exclusive and without retainer and on a project-by-project basis. Services provided include the hiring of field and professional personnel, rental of vehicular, camp and technical equipment, transportation and mobilization costs. At August 31, 2022, accounts payable included \$3,908 (February 28, 2022 - \$7,956) payable to Mincord.

The Company is related to Cariboo Rose Resources Ltd. ("Cariboo Rose") and Consolidated Woodjam Copper Corp. ("Woodjam") through common directors and officers. In the normal course of business, the Company will enter into transactions with Cariboo Rose and Woodjam for the use of equipment, services and rental of office space. During the six months ended August 31, 2022, recoveries of rent, salaries, telephone, office, consulting, convention and travel costs were \$57,542 (2021 - \$54,763) from Cariboo Rose and \$66,574 (2021 - \$57,014) from Woodjam. At August 31, 2022, accounts receivable included \$9,722 (February 28, 2022 - \$10,460) receivable from Cariboo Rose and \$11,620 (February 28, 2022 - \$10,123) receivable from Woodjam.

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral property interests, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares or debt, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its surplus cash in highly liquid short-term interest-bearing investments with maturities 90 days or less from the original date of acquisition, selected with regard to the expected timing of expenditures from continuing operations. The Company currently has sufficient capital resources to meet its administrative overhead expenses through its current operating period and it is confident it can raise additional funds to undertake all of its planned business activities. Actual funding requirements may vary from those planned due to a number of factors. Management believes it will be able to raise capital as required in the long term, but recognizes that there will be risks involved that may be beyond its control.

Eastfield Resources Ltd.
Notes to the Condensed Interim Financial Statements
For the three and six months ended August 31, 2022 and 2021
(Unaudited – Expressed in Canadian dollars)

11. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain risks, which include credit, liquidity, and market risk. The risks related to financial instruments are managed by the senior management of the Company under policies and directions approved by the Board of Directors.

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 cash is held at large Canadian financial institutions. The Company's receivables consist mostly of Goods and Services Tax due from the federal government of Canada and mineral exploration tax credit receivable from the Government of British Columbia. As such, the Company considers the risk of these receivables to be minimal and has not recognized an expected credit loss allowance on these financial instruments. As at August 31, 2022 and 2021, none of the Company's financial instruments subject to credit risk were past due or impaired.

The Company has determined that the expected credit losses on its accounts receivable and project deposits are not significant and accordingly has not recognized an allowance for expected credit losses as at August 31, 2022 and 2021.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Accounts payable and accrued liabilities and payable to related parties are due within the current operating period. The Company's lease obligations are due as set out in Note 5. The Company manages liquidity risk through the management of its capital structure (Note 10) and financial leverage.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risk is comprised of two types of risk: interest rate risk, and equity price risk.

- (i) Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk when holding fixed rate short term deposits of varying maturities. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash equivalents investments is limited because these investments are generally highly liquid securities with short-term maturities. As at August 31, 2022 and 2021, the Company considers its exposure to interest rate risk to be minimal.
- (ii) Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its investment in equity instruments. All of the Company's listed equity investments (Note 3) are common shares of companies listed on the Toronto Stock Exchange and the Toronto Stock Exchange's Venture Exchange and are monitored by management with decisions on sale taken at the board level.
- (iii) Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation as it has a limited number of transactions denominated in foreign currencies.

Eastfield Resources Ltd.

Notes to the Condensed Interim Financial Statements

For the three and six months ended August 31, 2022 and 2021

(Unaudited – Expressed in Canadian dollars)

11. EVENTS SUBSEQUENT TO AUGUST 31, 2022

On October 7, 2022 the Company announced that it intends to raise up to \$400,000 by way of the following non-brokered private placement consisting of the sale of the following securities, subject to regulatory acceptance:

- up to 4,000,000 units at a price of \$0.06 per unit, to raise gross proceeds of up to \$240,000, with each unit to consist of one common share and one share purchase warrant, with each warrant to entitle the holder to purchase one additional common share at a price of \$0.10 for a period of 24 months from closing; and
- up to 2,000,000 flow-through shares at a price of \$0.08 per share, to raise gross proceeds of up to \$160,000.