

EASTFIELD RESOURCES LTD.

Financial Statements
For the Years Ended February 28, 2023 and 2022
(Expressed in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Eastfield Resources Ltd.

Opinion

We have audited the accompanying financial statements of Eastfield Resources Ltd. (the "Company"), which comprise the statement of financial position as at February 28, 2023, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2023, and its financial performance and its cash flows for the year 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 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 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 financial statements, which indicates that 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. As stated in Note 1, these events and conditions indicate 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.

Other Matters

The financial statements of Eastfield Resources Ltd. for the year ended February 28, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on June 28, 2022.

Key Audit Matters

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

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.



Assessment of Impairment Indicators of Exploration and Evaluation Assets (“E&E Assets”)

As described in Note 5 to the financial statements, the carrying amount of the Company’s E&E Assets was \$1,371,812 as of February 28, 2023. As more fully described in Note 3 to the financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets’ carrying amount which is impacted by the Company’s intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management’s assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company’s recent expenditure activity.
- Assessing compliance with agreements including reviewing option agreements and vouching cash payments and share issuances.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing

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 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

Vancouver, Canada

Chartered Professional Accountants

August 30, 2023

Eastfield Resources Ltd.
Statements of Financial Position
As at February 28, 2023 and 2022
(Expressed in Canadian dollars)

	2023	2022
ASSETS		
Current		
Cash	\$ 175,702	\$ 111,271
Accounts receivable	12,937	10,638
Receivable from related parties (Note 9)	13,625	20,247
	202,264	142,156
Investments (Note 4)	1,031,399	1,719,247
Exploration and evaluation assets (Note 5)	1,371,812	1,412,115
Project deposits (Note 5)	139,146	139,146
Equipment	11,785	11,785
Right-of-use asset (Note 6)	98,464	106,926
Investment in sub-leases (Note 6)	124,985	248,440
	\$ 2,979,855	\$ 3,779,815
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 70,288	\$ 109,389
Lease obligations - current (Note 6)	84,601	98,456
Deferred revenue (Note 6)	22,933	-
Project deposits payable	55,146	-
Other liabilities (Note 7)	-	10,257
Payable to related parties (Note 9)	5,524	7,956
	238,492	226,058
Lease obligations – long term (Note 6)	165,369	274,205
	403,861	500,263
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	4,759,395	4,497,095
Warrant reserve (Note 7)	162,340	162,340
Options reserve (Note 7)	941,852	941,852
Accumulated other comprehensive (loss) income	(258,774)	300,529
Deficit	(3,028,819)	(2,622,264)
	2,575,994	3,279,552
	\$ 2,979,855	\$ 3,779,815

Nature and continuance of operations (Note 1)
Subsequent event (Note 7)

APPROVED BY THE BOARD

"J.W. Morton" **Director**

"D M Douglas" **Director**

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

Eastfield Resources Ltd.
Statements of Loss and Comprehensive Loss
For the Years Ended February 28, 2023 and 2022
(Expressed in Canadian dollars)

	2023	2022
Expenses		
Depreciation (Note 6)	\$ 33,686	\$ 31,984
Bank charges	1,509	1,269
Consulting	17,000	22,500
Dues and licenses	1,727	1,116
Insurance	1,471	-
Investor relations	24,759	26,195
Office	4,067	5,069
Professional fees	68,161	50,344
Salaries and benefits	28,238	25,572
Share-based compensation (Note 7)	-	112,500
Telephone	2,851	2,599
Transfer and filing fees	23,711	33,030
	207,180	312,178
Finance (income)/expense		
Interest income	(893)	(370)
Interest income on sub-leases (Note 6)	(16,958)	(22,882)
Interest expense on lease obligations (Note 6)	26,312	34,323
	8,461	11,071
Other (income)/expense		
Decrease in the fair value of derivative investments (Note 4)	104,749	279,547
Loss on lease modification (Note 6)	7,196	-
Tax deductions sold to investors (Note 7)	(25,257)	(117,048)
Other income	-	(8,639)
Gain on exploration and evaluation assets (Note 5)	(93,512)	-
Impairment of exploration and evaluation assets (Note 5)	91,738	-
	84,914	477,109
LOSS BEFORE INCOME TAX	300,555	529,250
Provision of deferred income tax (Note 10)	106,000	163,487
LOSS	406,555	640,596
OTHER COMPREHENSIVE (INCOME) LOSS		
Items that will not be reclassified to net income or loss		
Decrease in the fair value of equity investments (Note 4)	665,303	644,722
Deferred income tax arising from equity investments (Note 10)	(106,000)	(163,487)
	559,303	481,235
COMPREHENSIVE LOSS	\$ 965,858	\$ 1,121,831
BASIC AND DILUTED LOSS PER SHARE (Note 11)	\$ 0.01	\$ 0.01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic and diluted (Note 11)	52,560,672	49,849,040

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

Eastfield Resources Ltd.
Statements of Changes in Shareholders' Equity
For the Years Ended February 28, 2023 and 2022
(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Warrant Reserve	Options Reserve	Accumulated Other Comprehensive Income/(Loss)	Deficit	Total Shareholders' 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 equity investments	-	-	-	-	(481,235)	-	(481,235)
Private placement (net of share issue costs)	4,450,000	420,500	-	-	-	-	420,500
Fair value of warrants issued during private placement	-	(105,172)	105,172	-	-	-	-
Fair value of tax deductions sold to investors	-	(127,305)	-	-	-	-	(127,305)
Share based compensation	-	-	-	112,500	-	-	112,500
Loss for the year	-	-	-	-	-	(640,596)	(640,596)
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 equity investments	-	-	-	-	(559,303)	-	(559,303)
Private placement (net of share issue costs)	4,416,666	277,300	-	-	-	-	277,300
Fair value of tax deductions sold to investors	-	(15,000)	-	-	-	-	(15,000)
Loss for the year	-	-	-	-	-	(406,555)	(406,555)
Balance, February 28, 2023	55,561,585	\$ 4,759,395	\$ 162,340	\$ 941,852	\$ (258,774)	\$ (3,028,819)	\$ 2,575,994

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

Eastfield Resources Ltd.
Statements of Cash Flows
For the Years Ended February 28, 2023 and 2022
(Expressed in Canadian dollars)

Cash provided by (used in)	2023	2022
Operating activities		
Loss	\$ (406,555)	\$ (640,596)
Adjustments to reconcile cash to loss from operating activities:		
Depreciation	33,686	31,984
Interest income on sub-leases	(16,957)	(22,882)
Interest expense on lease obligations	26,312	34,323
Decrease in fair value of derivative investments	104,749	279,547
Provision of deferred income tax	106,000	163,487
Recovery of fair value of tax deductions sold to investors	(25,527)	(117,048)
Loss on lease modification	8,914	-
Other income	-	(7,671)
Share-based compensation	-	112,500
Write-off of exploration and evaluation assets	91,738	-
Gain on option proceeds	(93,512)	-
	(170,882)	(166,356)
Changes in non-cash working capital components		
Accounts receivable	(2,299)	3,365
Receivable from related parties	10,156	5,026
Payable to related parties	(2,432)	23,045
Accounts payable and accrued liabilities	16,045	7,696
	(149,412)	(127,224)
Investing activities		
Purchase of equipment	-	(883)
Exploration and evaluation asset acquisition costs	(270)	(4,666)
Exploration and evaluation asset expenditures	(169,856)	(482,149)
Exploration and evaluation asset option proceeds	130,000	107,500
Proceeds from sale of investments	-	500
Acquisition of investments	-	(500)
Project deposits	-	(20,000)
	(40,127)	(400,198)
Financing activities		
Private placement, net of share issue costs	277,300	420,500
Lease termination deposits received	30,000	-
Net lease payments	(23,330)	(39,991)
	253,970	380,509
CHANGE IN CASH	64,431	(146,912)
CASH, BEGINNING OF YEAR	111,271	258,183
CASH, END OF YEAR	\$ 175,702	\$ 111,271

SUPPLEMENTAL CASH FLOW INFORMATION (Note 8)

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

Eastfield Resources Ltd.
Notes to the Financial Statements
February 28, 2023 and 2022
(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 operates in one reportable segment, being mining exploration and all of the Company’s long term assets are located in Canada

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 conditions indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. 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.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

2. BASIS OF PREPARATION

These financial statements were authorized for issue by the directors of the Company on **August 30, 2023**.

Statement of Compliance

These financial statements for the Company’s reporting periods ended February 28, 2023 and 2022 have been prepared in accordance with and using accounting policies which are in full compliance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Standards Interpretations Committee (“IFRIC”), and as set out in the CPA Canada Handbook – Accounting (the “Handbook”).

Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as fair value through profit or loss or fair value through other comprehensive income that may be measured at fair value as described in Note 3 (c), and are presented in Canadian dollars, the Company’s reporting currency and functional currency. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Estimates and Judgments

The preparation of these financial statements required management to make estimates, judgments and assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and 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 for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Eastfield Resources Ltd.
Notes to the Financial Statements
February 28, 2023 and 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Accounting Estimates and Judgments (continued)

The estimates, judgments and 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 future periods if the revision affects both the current and future periods.

Critical accounting estimates are estimates, judgments 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 recoverability of accounts receivable, determination of realizable amounts of deferred tax assets and liabilities, impairment of the carrying value of non-financial assets, estimation of provisions and measurement of equity and derivative 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, the classification of financial instruments, and the recognition of deferred tax assets and liabilities.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash and bank deposits and may include highly-liquid investments that are readily convertible into known amounts of cash.

(c) Financial Instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value, plus transaction costs if the financial instrument is not subsequently measured at fair value through profit and loss.

Financial assets are measured subsequently at amortized cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit and loss (“FVTPL”) based on the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. Financial assets which are investments in equity instruments are measured subsequently at FVTPL unless they are not held for trading and are designated as FVOCI. Financial liabilities are measured subsequently at amortized cost, except for derivatives and certain other specified exceptions measured at FVTPL.

The Company classifies its financial instruments as amortized cost except for investments in derivatives, which are classified as FVTPL, and investments in equity instruments, which are designated as FVOCI.

Financial instruments classified as amortized cost are measured at amortized cost using the effective interest method, adjusted as required for credit-impaired financial assets. Financial assets measured at amortized cost are subject to a loss allowance for expected credit losses resulting from default events that are possible within 12 months after the reporting date, or an allowance for lifetime expected losses where credit risk has increased significantly since initial recognition. Changes in the amount of expected credit losses are recognized as an impairment gain or loss in profit and loss.

Eastfield Resources Ltd.
Notes to the Financial Statements
February 28, 2023 and 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial Instruments (continued)

Financial assets are derecognized when the contractual rights to the cash flows expire, for certain transfers, or when there is no reasonable expectation of recovering the financial asset. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurements are determined based on quoted prices when these are available or other appropriate valuation methods. Gains and losses on investments in equity instruments designated as FVOCI are recognized in other comprehensive income until they are derecognized. Dividends from these investments are recognized in profit and loss.

The Company classifies and discloses fair value measurements based on a three-level hierarchy:

- Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate and generally accepted valuation methodologies. Investments in equity instruments are measured and recognized in the statements of financial position using Level 1 inputs. Investments in derivative instruments are measured based on observable market data using Level 2 inputs. There were no movements between the levels of the hierarchy during the years ended February 28, 2023 and February 28, 2022. The carrying value of the Company's financial assets classified at amortized cost approximate their fair values because of the short term nature of these instruments.

(d) Exploration and Evaluation Assets and Patented Claims

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse. Costs accumulated relating to projects that are abandoned are written-off in the period in which a decision to discontinue the project is made. Pre-exploration costs are expensed in the year they are incurred.

All deferred mineral property interests are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value.

When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, costs will be depleted using the unit-of-production method over the estimated life of the ore body based upon recoverable metals to be mined from estimated proven and probable reserves by property.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded until the payments are made or received. Proceeds received on the sale or option of the Company's property interest is recorded as a reduction of the mineral property cost. When proceeds received in respect of a property exceed its carrying cost, such excess is recognized in profit or loss.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Eastfield Resources Ltd.
Notes to the Financial Statements
February 28, 2023 and 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Joint Arrangements

The Company classifies its interests in joint arrangements as either joint operations or joint ventures. When making this assessment, the Company considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

Where the interest is classified as a joint operation, the Company recognizes its assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), any income from the sale or use of its share of the output of the joint operation, and any expenses (including its share of any expenses incurred jointly) that it has incurred in respect of its interest in the joint operation.

Where the interest is classified as a joint venture, the Company recognizes its interest as an investment and accounts for that investment using the equity method.

(f) Project Deposits

Project deposits consist of term deposits in favour of regulatory authorities held as site restoration deposits for mineral properties. These amounts are expected to be recovered on satisfactory completion of the related exploration activities.

(g) Provisions

(i) Environmental expenditures

The operations of the Company have been and may in the future be affected by changes in environmental regulations, including those relating to future reclamation and site restoration. The likelihood of new regulations and their overall effect on the Company are unknown and unpredictable.

Environmental expenditures relating to ongoing environmental and reclamation programs are charged to operations as incurred, or depending on their future economic benefits, capitalized and amortized over the estimated remaining life of the related business operation, net of expected recoveries. These costs are recognized when the obligation is incurred and the fair value of the related costs is reasonably determinable. Management's estimate of reclamation and restoration costs has not been included in these financial statements as the amount is not currently material.

(ii) Other provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Eastfield Resources Ltd.
Notes to the Financial Statements
February 28, 2023 and 2022
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Equipment

Equipment is recorded at cost less accumulated amortization. The Company records amortization on a declining balance basis at the following annual rates.

Technical equipment	20%
Office equipment	20%
Furniture and fixtures	20%
Computer software	100%

(i) Leases

(i) Initial measurement

A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. On the lease commencement date, the Company records a right-of-use asset at cost and a lease obligation at the present value of future lease payments, discounted using the implicit interest rate in the lease. If the implicit rate cannot be readily determined, the Company uses its incremental borrowing rate. The Company also adopts the practical expedient not to separate non-lease components from lease components and instead account for each lease component and any associated non-lease component as a single lease component. The cost of the right-of-use asset is comprised of the amount of the initial measurement of the lease liability, any lease payments made at or before the lease commencement date, less any lease incentives received, any initial direct costs incurred and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the underlying asset to the condition required by the terms and conditions of the lease. The lease payment is comprised of fixed payments less any lease incentives receivable, variable lease payments, residual value guarantee payments, exercise price of a purchase option if the Company is reasonably certain it will exercise the option, and penalties for early termination of the lease.

(ii) Subsequent measurement

A right-of-use asset is recorded at cost less accumulated depreciation and accumulated impairment write-downs and is depreciated on a straight-line basis over the shorter of its useful life or the lease term. The lease obligation is reduced by lease payments, net of interest on the lease liability and adjusted for any reassessment or lease modifications.

Leases with terms of less than one year or leases with low value underlying assets are recorded as operating leases. Lease payments under operating leases are recorded as expenses on a straight-line basis over the lease term.

(iii) Sub-leases

Sub-lease arrangements where the head lease is short-term are classified as operating leases, otherwise they are classified by reference to the right-of-use asset arising from the head lease.

Sub-lease payments from operating sub-leases are recorded as income over the lease term.

Sub-lease arrangements that are classified as finance leases are recorded as an investment in the sub-lease on the sub-lease commencement date and recorded as the present value of the sub-lease payments, discounted using the implicit interest rate in the lease. If the implicit rate cannot be readily determined, the Company uses the same discount rate as the head lease. The investment in sub-leases will be reduced by the sub-lease payments net of interest income.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that its equipment or mineral exploration and evaluation assets may be impaired. If any indication of impairment exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset or CGU. 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment is recognized immediately in profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

(k) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

(l) Share Capital

Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(m) Flow-through Shares

Flow-through shares issued by the Company transfer the tax deductibility of qualifying mineral resource exploration and evaluation expenditures to investors. The sale of tax deductions is recognized as a liability at the time the flow-through shares are issued, at an amount equal to the fair value allocated using a residual value method. This liability is subsequently recognized as other income when the Company has fulfilled the obligation to pass on tax deductions by incurring the eligible expenditures.

(n) Exploration Tax Credits

The Company may receive refundable exploration tax credits and grants from provincial jurisdictions in Canada equal to a specified rate of qualifying expenditures incurred on properties located within that jurisdiction. The Company records these exploration tax credits and grants as a reduction of qualifying expenditures as it incurs the related expenditures.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income Recognition

Interest from cash and cash equivalents is recorded on an accrual basis when collection is reasonably assured.

(p) Share-based Compensation

The Company has a stock option plan that is described in Note 7. All goods and services received in exchange for the grant of any share-based compensation are measured at their fair values. Where employees are rewarded using share-based compensation, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. The fair value is measured at the grant date, using the Black-Scholes option pricing model, and exclude the impact of non-market vesting conditions such as performance conditions.

All share-based compensation is recognized as an expense in profit or loss with a corresponding credit to the option reserve, over the period during which the related share-based compensation vests. No amount is recognized for instruments which do not ultimately vest.

Consideration received on the exercise of share purchase options is recorded as share capital and the related amount originally recorded in options reserve is transferred to share capital.

(q) Income or Loss per Share

Income or loss per share is calculated using the weighted average number of common shares outstanding during the period. The computation of diluted earnings is performed by presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive.

(r) Comprehensive Income or Loss

Other comprehensive income or loss is the change in net assets arising from transactions and other events and circumstances from non-owner sources. Comprehensive income or loss comprises net income or loss and other comprehensive income or loss. Financial assets that are classified as fair value through other comprehensive income have revaluation gains and losses included in other comprehensive income or loss until the asset is removed from the statement of financial position.

(s) Income Taxes

The provision for income taxes consists of current and deferred tax expense and is recorded in operations. Current income tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted by the reporting date, adjusted for amendments to estimates of taxes payable made in 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. Deferred tax is not recognized for: initial recognition of goodwill; initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they are related to taxes levied by the same tax authority on the same taxable entity.

4. INVESTMENTS

	2023			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
Vizsla Copper Corp.*	3,610,225	668,074	830,352	3,610,225	668,074	1,233,939
Northwest Copper Corp.	186,289	392,873	48,435	186,289	392,873	124,814
West Oak Gold Corp	450,000	32,500	40,501	200,000	20,000	30,000
Alpha Copper Corp. (formerly Prophecy Potash Corp.)	313,530	119,014	65,841	176,856	49,310	153,865
GK Resources Ltd.	330,000	49,500	37,950	330,000	49,500	59,400
		1,276,886	1,031,399		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		\$ 1,276,886	\$1,031,399		\$ 1,210,932	\$ 1,719,247

* In December 2022, the common shares of Consolidated Woodjam Copper Corp. (“Woodjam”) were exchanged for 0.307206085 common shares Vizsla Copper Corp. (“Vizsla”) pursuant to a plan of arrangement whereby Vizsla acquired all of the issued and outstanding shares of Woodjam.

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.

Investments in derivative instruments were measured using observable market data inputs and the Black-Scholes option pricing model which is considered a Level 2 fair value measurement. The inputs to the option pricing model as at February 28, 2022 were: Share price \$0.16; Exercise price \$0.08; Term to expiry 0.32 years; Volatility 82%; Discount rate 0.59%; Dividend yield \$nil. The derivative instruments expired in June 2022.

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5. EXPLORATION AND EVALUATION ASSETS

Acquisition and exploration expenditures incurred on mineral properties for the year ended February 28, 2023 are:

	<u>Iron Lake</u>	<u>Indata</u>	<u>Zymo</u>	<u>Other*</u>	<u>Total</u>
ACQUISITION COSTS					
Balance, beginning of the year	\$ 1,453	\$ 141,513	\$ 311,506	\$ 55,227	509,699
Incurred during year	-	-	-	270	270
Balance, end of the year	<u>1,453</u>	<u>141,513</u>	<u>311,506</u>	<u>55,497</u>	<u>509,969</u>
EXPLORATION EXPENDITURES					
Expenditures for the year:					
Assaying	-	-	-	312	312
Communications	-	-	270	-	270
Drilling	-	-	-	68,176	68,176
Fees and permits	-	-	63	-	63
Field equipment	9	-	-	890	899
Food and accommodation	210	-	-	1,798	2,008
Freight	-	-	-	381	381
Geological	-	-	-	24,390	24,390
Other	-	-	315	2,598	2,913
Professional fees and field crews	16,000	13,460	4,550	16,900	50,910
Rental of vehicles and equipment	277	-	5,445	10,610	16,332
Transport and fuel	220	-	-	2,983	3,203
Write-down of exploration and evaluation assets	-	-	-	(91,738)	(91,738)
	<u>16,716</u>	<u>13,460</u>	<u>10,643</u>	<u>37,000</u>	<u>78,119</u>
Balance, beginning of the year	402,237	191,779	1,001,812	419,981	2,015,809
Balance, end of the year	<u>418,953</u>	<u>205,239</u>	<u>1,012,455</u>	<u>457,281</u>	<u>2,093,928</u>
OPTION PROCEEDS					
Balance, beginning of the year	(234,891)	(315,560)	(461,000)	(101,942)	(1,113,393)
Proceeds received during the year	(75,000)	(124,704)	-	(12,500)	(212,204)
Proceeds in excess of carrying amount	-	93,512	-	-	93,512
Balance, end of the year	<u>(309,891)</u>	<u>(346,752)</u>	<u>(461,000)</u>	<u>(114,442)</u>	<u>(1,232,085)</u>
	<u>\$110,515</u>	<u>\$-</u>	<u>\$862,961</u>	<u>\$398,336</u>	<u>\$1,371,812</u>

* Other properties include Hidden One, Hedge Hog, Antler Gold, and CR.

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5. EXPLORATION AND EVALUATION ASSETS (continued)

Acquisition and exploration expenditures incurred on mineral properties for the year ended February 28, 2022 are:

	<u>Iron Lake</u>	<u>Indata</u>	<u>Zymo</u>	<u>Other*</u>	<u>Total</u>
ACQUISITION COSTS					
Balance, beginning of the year	\$ 1,453	\$ 141,513	\$ 311,506	\$ 50,561	\$ 505,033
Incurred during year	-	-	-	4,666	4,666
Balance, end of the year	<u>1,453</u>	<u>141,513</u>	<u>311,506</u>	<u>55,227</u>	<u>509,699</u>
EXPLORATION EXPENDITURES					
Expenditures for the year:					
Assaying	-	-	10,127	-	10,127
Communications	401	-	1,060	-	1,461
Field equipment	-	-	1,076	-	1,076
Food and accommodation	31	-	29,037	-	29,068
Freight	-	-	861	-	861
Geological	99	-	-	-	99
Geophysics	-	-	100,746	-	100,746
Other	-	-	10,306	-	10,306
Professional fees and field crews	22,000	14,800	96,950	3,200	136,950
Rental of vehicles and equipment	-	-	9,684	15	9,699
Surveying	-	-	41,600	-	41,600
Transport and fuel	34	-	135,509	-	135,543
	<u>22,565</u>	<u>14,800</u>	<u>436,956</u>	<u>3,215</u>	<u>477,536</u>
Balance, beginning of the year	<u>379,672</u>	<u>176,979</u>	<u>564,856</u>	<u>416,766</u>	<u>1,538,273</u>
Balance, end of the year	<u>402,237</u>	<u>191,779</u>	<u>1,001,812</u>	<u>419,981</u>	<u>2,015,809</u>
OPTION PROCEEDS					
Balance, beginning of the year	(164,891)	(271,250)	(461,000)	(69,442)	(966,583)
Proceeds received during the year	(70,000)	(44,310)	-	(32,500)	(146,810)
Balance, end of the year	<u>(234,891)</u>	<u>(315,560)</u>	<u>(461,000)</u>	<u>(101,942)</u>	<u>(1,113,393)</u>
	<u>\$ 168,799</u>	<u>\$ 17,732</u>	<u>\$ 852,318</u>	<u>\$ 373,266</u>	<u>\$ 1,412,115</u>

* Other properties include Hidden One, Hedge Hog, Antler Gold, and CR.

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 and amended on November 16, 2020 and March 20, 2023, 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 \$2,300,000 in exploration work over a six-year period ending June 20, 2024.

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5. 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 and amended January 16, 2023 and August 2, 2023, the Company optioned a 60% interest to West Oak Gold Corp (“West Oak”). To earn its interest, West Oak must make payments (cash and/or shares) totaling \$392,500 and complete \$1,750,000 in exploration expenditures over a five-year term. Upon completion of the earn-in, Eastfield will retain a 40% working interest and a 0.5% 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. and Scott Geophysics Ltd. (the “Vendors”). Canevex Resources Ltd. is owned by two directors of the Company. The Company has reserved a 1.5% net smelter royalty for the Vendors of which 1.0% is for Canevex Resources Ltd..

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 15, 2023 and February 12, 2024 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.

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6. RIGHT-OF-USE ASSET, LEASE OBLIGATIONS AND INVESTMENT IN SUB-LEASES

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 as follows:

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	(91,996)	106,926
Additions	-	(33,686)	(33,686)
Lease modification adjustment	25,224	-	25,224
Balance February 28, 2023	\$ 224,146	\$ (125,682)	\$ 98,464

Lease Obligations	2023
2023	\$ 101,802
2024 to 2025	174,207
Total future payments	276,009
Less: interest	(26,039)
Lease obligations	249,970
Less: current portion	(84,601)
Lease obligations – long term	\$ 165,369

Lease Obligation	
Balance, February 28, 2021	\$ 458,312
Interest	34,323
Payments	(119,974)
Balance, February 28, 2022	372,661
Interest	26,312
Payments	(120,120)
Modification	(28,882)
Balance, February 28, 2023	249,971
Current portion	(84,601)
Long-term portion	\$ 165,370

The Company sub-leases a portion of its office space to two companies, Cariboo Rose Resources Ltd. and Woodjam with directors and officers in common. These sub-lease agreements have the same lease term as the head lease described above. Woodjam was acquired by Vizsla Copper Corp. on December 13, 2022, pursuant to which the sub-lease arrangement was terminated. Woodjam paid a lumpsum amount of \$30,000 to the Company upon termination of the sub-lease, which will be applied against future lease payments.

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6. RIGHT-OF-USE ASSET, LEASE OBLIGATIONS AND INVESTMENT IN SUB-LEASES (continued)

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		(77,392)
Interest income		16,957
Lease modification adjustment		(63,020)
Balance, February 28, 2023	\$	124,985

7. SHARE CAPITAL

Authorized - Unlimited common and preferred shares without par value

Private Placement

Issued during the year ended February 28, 2023

On November 3, 2022 the Company completed a non-brokered private placement consisting of 3,666,666 units at a price of \$0.06 per unit and 750,000 flow through shares at a price of \$0.08 per flow through share, for proceeds of \$280,000 net against share issuance costs of \$2,700. Each unit consists of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share at a price of \$0.20 until November 3, 2024.

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, 2023 was \$15,000, of which \$15,000 has been recognized in profit or loss for the year ended February 28, 2023 as the related expenditures were incurred and their tax deductions transferred to investors.

Issued during the year ended February 28, 2022

On July 22, 2021 the Company completed a non-brokered private placement consisting of 4,450,000 units at a price of \$0.10 per unit for net proceeds of \$420,500. Each unit consisted of one flow through common share and one share purchase warrant with each warrant entitling the holder to purchase one additional non-flow through common share at a price of \$0.15 until December 28, 2022. The Company paid a cash finder's fee of \$24,500, and issued 245,000 finder warrants in connection with the closing of this private placement.

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 in profit or loss for the year ended February 28, 2022, and \$10,257 was recognized for the year ended February 28, 2023 as the related expenditures have been incurred and their tax deductions have been transferred to the investors.

Share Purchase Options

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 contractual lives of five years and 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.

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7. SHARE CAPITAL (continued)

Share Purchase Options (continued)

A summary of changes in common share purchase options for the years ended February 28, 2023 and 2022 is:

	2023		2022	
	Number of Share Options	Weighted Average Exercise Price	Number of Share Options	Weighted Average Exercise Price
Balance, beginning of the year	4,370,000	\$ 0.07	3,275,000	\$ 0.08
Granted	-	-	1,875,000	0.08
Cancelled/Expired	(250,000)	0.07	(780,000)	0.13
Options outstanding and exercisable, end of the year	4,120,000	\$ 0.07	4,370,000	\$ 0.07

The following common share purchase options are outstanding at February 28, 2023:

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	0.17	300,000	0.10
September 26, 2023	300,000	0.05	0.58	300,000	0.05
November 24, 2024	495,000	0.05	1.74	495,000	0.05
December 19, 2024	650,000	0.05	1.81	650,000	0.05
September 15, 2026	1,875,000	0.08	3.55	1,875,000	0.08
October 10, 2027	500,000	0.05	4.62	500,000	0.05
	4,120,000		2.72	4,120,000	

On April 30, 2023 options to purchase 300,000 shares at \$0.10 per share expired without being exercised.

On June 7, 2023 the Company granted options to purchase 200,000 shares at \$0.05 per share expiring on June 7, 2028.

The Company determines the fair value of the options granted using the Black-Scholes option pricing model. The weighted average grant date fair value of options granted during the year ended February 28, 2022 was \$0.06 using the following weighted average inputs and assumptions:

	2022
Share price	0.07
Exercise price	0.08
Risk-free interest rate	0.86%
Expected share price volatility	161%
Expected average period until exercise	5 years
Expected dividend yield	-

The effects of early exercise were incorporated in the estimate of the expected life of the common share purchase options. Expected volatility was determined based on the historic volatility of the Company's share price over a period ending on the grant date of the instrument and commensurate with the instrument's expected life. Other features of common share purchase options granted did not affect the calculation of grant date fair value.

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7. SHARE CAPITAL (continued)

Share Purchase Warrants (continued)

Share Purchase Warrants

A summary of changes in common share purchase warrants for the years ended February 28, 2023 and 2022 is:

	2023		2022	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of year	6,495,000	\$ 0.14	1,800,000	\$ 0.10
Expired during the year	(6,495,000)	0.14	4,450,000	0.15
Issued pursuant to private placement	3,666,666	0.10	245,000	0.15
Balance, end of year	3,666,666	\$ 0.10	6,495,000	\$ 0.14

The following common share purchase warrants are outstanding at February 28, 2023:

Expiry Date	Number of warrants Outstanding	Exercise price	Weighted Average Remaining Life in years
November 3, 2024	3,666,666	\$ 0.10	1.68
	3,666,666	\$ 0.10	1.68

8. SUPPLEMENTAL CASH FLOW INFORMATION

	2023		2022	
Non-cash investing activities				
Shares received for mineral property option proceeds (Note 5)	\$	82,204	\$	39,310
Other supplemental cash flow information				
Interest received	\$	894	\$	370
Interest paid		26,312		34,324

9. RELATED PARTY DISCLOSURES

The key management personnel of the Company are the directors, Chief Executive Officer and Chief Financial Officer.

The Company is related to Cariboo Rose Resources Ltd. ("Cariboo Rose") and Woodjam, prior to its acquisition by Vizsla on December 13, 2022, 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 year, recoveries of rent, salaries, telephone, office, consulting, convention and travel costs were \$116,371 (2022 - \$118,062) from Cariboo Rose and \$138,636 (2022 - \$120,733) from Woodjam. At February 28, 2023, accounts receivable included \$13,625 (2021 - \$10,123) receivable from Cariboo Rose and \$nil (2022 - \$10,123) from Woodjam

During the year ended February 28, 2023, geological services amounting to \$104,669 (2021 - \$415,186) 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 February 28, 2023, accounts payable to related parties included \$5,524 (2022 - \$7,956) payable to Mincord.

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9. RELATED PARTY DISCLOSURES (continued)

During the year, payments of \$17,000 (2022 - \$22,500) were made to the Chief Financial Officer, who is also a director of the Company, for accounting services.

Salaries and benefits of \$28,238 (2022 - \$25,572) were paid to the spouse of a director for office administration services provided.

Remuneration in the form of share-based compensation for key management personnel for the year ended February 28, 2023 was \$nil (2022 - \$97,500).

10. INCOME TAXES

The Company's deferred tax assets and liabilities arise from the following items:

	2023	2022
Deferred tax assets (liabilities) arising from:		
Losses deductible against future taxable income	\$ 733,000	\$ 1,040,296
Equity investments	33,000	(118,280)
Derivative investments	-	(22,421)
Equipment	94,000	87,297
Exploration and evaluation assets	(195,000)	(194,080)
Sale of tax benefits	-	2,769
Share issuance costs	3,000	2,816
Net deferred tax (liability) assets	(668,000)	(798,397)
Valuation allowance	668,000	798,397
Deferred tax assets recognized	\$ -	\$ -

The reconciliation of the provision for income taxes is as follows:

	2023	2022
Loss before income taxes	\$ (300,555)	\$ (640,596)
Combined federal and provincial statutory income tax rates	27%	27%
(Recovery) or provision of income taxes based statutory income tax rates	(81,000)	(172,961)
Add (deduct):		
Other	(33,000)	218,830
Permanent differences	9,000	(45,869)
Adjustment to prior years provision versus statutory tax returns	372,000	-
Change in unrecognized deductible temporary difference	(161,000)	163,357
Recovery of income taxes recognized in net income	\$ 106,000	\$ 163,357

Provision and recovery of income taxes recognized in net income for the years ended February 28, 2023 and 2022 are the result of the recognition of previously unrecognized income tax losses related to the decrease and increase in the fair value of equity investments, which is recorded in other comprehensive income net of deferred income tax expense.

The Company has non-capital losses of approximately \$2,100,000 and capital losses of approximately \$650,000 for income tax purposes, which may be used to reduce taxable income and taxable capital gains, respectively, in future years. If unused, the non-capital losses will expire between 2023 and 2043. The capital losses can be carried forward indefinitely.

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10. INCOME TAXES (continued)

In addition, the Company has resource related expenditures (Canadian Exploration Expenses) of approximately \$650,000, most of which can be deducted at a 100% rate and which can be used to offset future taxable income and can be carried forward indefinitely.

11. DILUTED INCOME OR LOSS PER SHARE

For the years ended February 28, 2023 and 2022, the Company's diluted loss per share was equal to its basic loss per share as all outstanding potential shares were anti-dilutive.

12. 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 and project deposits are held at large Canadian financial institutions. The Company's receivables consist mostly of Goods and Services Tax due from the federal government of Canada. Receivables also include amounts due from related parties which are expected to be fully recovered. The Company considers the credit risk from these instruments to be minimal and has not recognized an allowance for expected credit losses. As at February 28, 2023 and 2022, none of the Company's financial instruments subject to credit risk were past due or impaired.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become 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 6. The Company manages liquidity risk through the management of its capital structure (Note 13) 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 interest rate risk, equity price risk, and foreign currency risk.

(i) 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 is exposed to interest rate risk when holding fixed rate short term deposits of varying maturities. As at February 28, 2023 and February 28, 2022, the Company considers its exposure to interest rate risk to be minimal.

(ii) Equity Price Risk

Equity price 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 equity and derivative investments (Note 4). All of the Company's equity and derivative investments are common shares and warrants to purchase common shares of companies listed on the TSX Venture Exchange and the Canadian Securities Exchange.

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12. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

The fair value of these investments and the underlying share prices are monitored by management with decisions on sale taken at the board level.

(iii) Foreign Currency Risk

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.

13. 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.