Affinity Metals Corp.

Financial Statements

Year Ended June 30, 2019

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Affinity Metals Corp.,

Opinion

We have audited the financial statements of Affinity Metals Corp. (the "Company"), which comprise the statements of financial position as at June 30, 2019 and 2018, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describe matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis. Our opinion on the financial statements does not cover the other information and will 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 identified above 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. If, based on the work we have performed on this other information, 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 International Financial Reporting Standards, 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.

The engagement partner on the audit resulting in this independent auditor's report is Otto Ehinger

DMCL.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
October 25, 2019

Affinity Metals Corp.
Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	June 30, 2019	June 30, 2018
ASSETS			
Current assets			
Cash		$ 4,388	$ 14,260
Marketable securities	4	32,000	32,000
Receivables	5	6,645	2,547
		43,033	48,807
Non-current assets			
Exploration and evaluation assets	7	481,547	449,313
		481,547	449,313
TOTAL ASSETS		**$ 524,580**	**$ 498,120**
LIABILITIES			
Current Liabilities			
Trade payables and accrued liabilities	8, 14	$ 84,948	$ 32,254
Promissory notes payable	9, 14	10,654	-
TOTAL LIABILITIES		**95,602**	**32,254**
SHAREHOLDERS' EQUITY			
Share capital	12	17,894,308	17,722,554
Reserves	13	1,197,141	1,171,925
Accumulated other comprehensive loss	4	(20,000)	(20,000)
Deficit		(18,642,471)	(18,408,613)
TOTAL SHAREHOLDERS' EQUITY		**428,978**	**465,866**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 524,580**	**$ 498,120**

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 17)

Approved on Behalf of the Board:

/s/ “Robert Edwards”
Robert Edwards, Director

/s/ “Sean Pownall”
Sean Pownall, Director

Affinity Metals Corp.

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

		Year ended	
	Note	**June 30, 2019**	**June 30, 2018**
Expenses			
Business development and property investigation		$ 10,993	$ 6,142
Consulting fees	14	192,500	120,000
Interest	9	654	-
Office and miscellaneous		5,972	5,810
Professional fees		12,867	20,523
Stock-based compensation	13	-	25,476
Transfer agent and filing fees		10,872	13,226
		(233,858)	**(191,177)**
Other items			
Loss on disposal of exploration and evaluation assets	7	-	5,780
Loss on disposal of equipment	6	-	795
Net loss		**(233,858)**	**(197,752)**
Other comprehensive income (loss)			
Unrealized loss on short-term investments	4	-	(4,000)
Total comprehensive loss		**$ (233,858)**	**$ (201,752)**
Weighted average number of outstanding shares		**23,415,339**	**22,088,079**
Loss per share - basic and diluted		**$ (0.01)**	**$ (0.01)**

Affinity Metals Corp.
Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Note	Share Capital		Reserves				
		Number of shares	Amount	Stock option reserve	Warrant reserve	Accumulated other comprehensive loss	Deficit	Total
Balance at June 30, 2017		**20,776,435**	**$17,556,611**	**$ 1,036,979**	**$ 76,204**	**$ (16,000)**	**$ (18,210,861)**	**$ 442,933**
Net loss for the year		-	-	-	-	-	(197,752)	(197,752)
Shares issued in private placement	12	2,000,000	200,000	-			-	200,000
Shares issued for finders fees	12	50,000	3,000	-	-	-	-	3,000
Shares issued for acquisition of exploration and evaluation assets	7, 12	50,000	3,000	-	-	-	-	3,000
Unrealized loss on marketable securities	4	-	-	-	-	(4,000)	-	(4,000)
Valuation of warrants issued	13	-	(33,266)	-	33,266	-	-	-
Share issuance costs	12	-	(6,791)	-	-	-	-	(6,791)
Valuation of options granted	13	-	-	25,476	-	-	-	25,476
Balance at June 30, 2018		**22,876,435**	**17,722,554**	**1,062,455**	**109,470**	**(20,000)**	**(18,408,613)**	**465,866**
Net loss for the year		-	-	-	-	-	(233,858)	(233,858)
Shares issued in private placement	12	2,000,000	200,000	-	-	-	-	200,000
Shares issued for finders fees	12	60,000	6,000	-	-	-	-	6,000
Shares issued for acquisition of exploration and evaluation assets	7, 12	50,000	4,750	-	-	-	-	4,750
Valuation of warrants issued	13	-	(25,216)	-	25,216	-	-	-
Share issuance costs	12	-	(13,780)	-	-	-	-	(13,780)
Balance at June 30, 2019		**24,986,435**	**$ 17,894,308**	**$ 1,062,455**	**$ 134,686**	**$ (20,000)**	**$ (18,642,471)**	**$ 428,978**

Affinity Metals Corp.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended	
	June 30, 2019	**June 30, 2018**
Operating activities		
Net income (loss)	$ (233,858)	$ (197,752)
Adjustments for:		
Share-based compensation	-	25,476
Loss on disposal of exploration and evaluation assets	-	5,780
Accrued interest on promissory notes	654	-
Loss on disposal of equipment	-	795
Changes in non-cash working capital items:		
Receivables	(4,098)	3,488
Prepaid expenses and deposits	-	2,500
Trade payables and accrued liabilities	52,694	21,344
Net cash flows used in operating activities	**(184,608)**	**(138,369)**
Investing activities		
Proceeds from the sale of exploration and evaluation assets	-	5,000
Exploration and Evaluation asset expenditures	(27,484)	(77,969)
Net cash flows used in investing activities	**(27,484)**	**(72,969)**
Financing activities		
Proceeds from sale of shares	192,220	196,209
Proceeds from promissory notes	10,000	-
Net cash flows from financing activities	**202,220**	**196,209**
Decrease in cash	(9,872)	(15,129)
Cash, beginning	14,260	29,389
Cash, ending	**$ 4,388**	**$ 14,260**

1. Nature and continuance of operations

Affinity Metals Corp. (the "Company") was incorporated on July 10, 1978, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "AFF.V".

The head office, principal address and records office and registered office of the Company are located at 600- 890 West Pender Street, Vancouver, British Columbia, Canada, V6C 1J9.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2019, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These conditions raise significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares.

2. Significant accounting policies and basis of presentation

The financial statements were authorized for issue on October 25, 2019 by the directors of the Company.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods relate to the determination of the useful lives of equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

2. Significant accounting policies and basis of presentation (continued)

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Farms outs

The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock option reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

2. Significant accounting policies and basis of presentation (continued)

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted earnings per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. The Company had no cash equivalents at June 30, 2019.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares:

On the issuance of flow-through shares, any premium received in excess of the closing market price of the Company’s common shares is initially recorded as a liability (“flow-through tax liability”). Provided that the Company has renounced the related expenditures, or that there is a reasonable expectation that it will do so, the flow-through tax liability is reduced on a pro-rata basis as the expenditures are incurred and a deferred tax liability is recognized. The reduction to the flow-through tax liability is recognized in profit or loss as other income. To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

2. Significant accounting policies and basis of presentation (continued)

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

3. Adoption of New and Amended IFRS Pronouncements

The Company adopted all of the requirements of IFRS 9 Financial Instruments on July 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

<u>(i) Classification</u>

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL.

For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

3. Adoption of New and Amended IFRS Pronouncements (continued)

The Company completed a detailed assessment of its financial assets and liabilities as at July 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash	Held to maturity	FVTPL
Marketable securities	Available for sale	FVTOCI
Receivables	Loans and receivables	Amortized cost
Trades accounts payable	Financial liabilities	Amortized cost
Promissory note payables	Financial liabilities	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on July 1, 2018. The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in Other Comprehensive Income ("OCI") and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset 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 Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. Adoption of New and Amended IFRS Pronouncements (continued)

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

New standards and interpretations issued but not yet adopted

The following are standards issued but not yet effective up to the year-end date of these financial statements. The Company reasonably expects these standards to be applicable at a future time and intends to adopt these standards when they become effective. The following new standards, amendments and interpretations that have not been early adopted in the financial statements do not have a material effect on the Company's future results of operations and financial position.

- IFRS 16, Leases, which replaces IAS 17 Leases. The objective of the new standard requires entities to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating or finance leases, effectively treating all leases as finance leases. Lessors will continue with a dual lease classification model. Classification will determine how and when a lessor will recognize lease revenue, and what assets would be recorded. This standard is effective for years beginning on or after January 1, 2019. The Company does not expect that the adoption will have a significant impact on the financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Investment in Marketable securities

As at June 30, 2019, the Company holds 800,000 (2018 – 800,000) common shares of American Creek Resources Ltd. ("American Creek Shares") (Note 7). At June 30, 2019, the 800,000 American Creek Shares fair value had decreased from $0.065 per share at November 9, 2016 when the shares were received to $0.04 per share and therefore the Company wrote the marketable securities down to $32,000 (2018- $32,000). The total unrealized loss on marketable securities for the year ended June 30, 2019 is $nil (2018 - $4,000) which is recorded in other comprehensive loss.

5. Receivables

Receivables consists of GST recoverable.

6. Equipment

During the year ended June 30, 2018, the Company disposed of its remaining equipment and recorded a loss on disposal of equipment of $795.

(Expressed in Canadian Dollars)

7. Exploration and evaluation assets

	Balance June 30, 2019	Current Expenditures	Balance June 30, 2018	2018 Expenditures	Balance June 30, 2017
Nor Property, Yukon					
Property acquisition costs	$ 422,080	$ -	$ 422,080	$ -	$ 422,080
Impairment	(122,675)	-	(122,675)	-	(122,675)
	299,405	-	299,405	-	299,405
Exploration and evaluation costs					
Accommodation and meals	342,890	-	342,890	-	342,890
Assay and soil sampling	68,787	-	68,787	-	68,787
Diamond drilling	850,848	-	850,848	-	850,848
Drafting	15,234	-	15,234	-	15,234
Fuel	368,699	-	368,699	-	368,699
Geologist	526,111	-	526,111	-	526,111
Geophysics	281,283	-	281,283	-	281,283
Helicopter	1,516,526	-	1,516,526	-	1,516,526
Housing	28,900	-	28,900	-	28,900
Licenses	33,299	-	33,299	-	33,299
Line cutting	109,794	-	109,794	-	109,794
Supervision	94,305	-	94,305	-	94,305
Supplies and miscellaneous	148,613	-	148,613	-	148,613
Support wages	337,260	-	337,260	-	337,260
Surveys	86,568	-	86,568	-	86,568
Travel and transport	119,611	-	119,611	-	119,611
Mineral exploration tax credits	(595,129)	-	(595,129)	-	(595,129)
Impairment	(4,264,660)	-	(4,264,660)	-	(4,264,660)
	68,940	-	68,940	-	68,940
Total Nor Property, Yukon	368,345	-	368,345	-	368,345
Carswell, Saskatchewan					
Property acquisition costs	-	-	-	-	-
Exploration and evaluation costs					
Proceeds of disposition	-	-	(5,000)	(5,000)	-
Supervision	-	-	10,750	-	10,750
Supplies and miscellaneous	-	-	30	-	30
Impairment	-	-	(5,780)	(5,780)	-
	-	-	-	(10,780)	10,780
Total Carswell, Saskatchewan	-	-	-	(10,780)	10,780
Regal, BC					
Property acquisition costs	22,750	14,750	8,000	8,000	-
Exploration and evaluation costs					
Assays	1,150	-	1,150	1,149	-
Fuel	450	-	450	450	-
Equipment rental	4,900	-	4,900	4,900	-
Helicopter	10,620	-	10,620	10,620	-
Licenses and permits	900	900	-	-	-
Prospecting	40,884	16,584	24,300	24,300	-
Reporting costs	3,680	-	3,680	3,680	-
Supplies and miscellaneous	27,868	-	27,868	27,868	-
	90,452	17,484	72,969	72,969	-
Total Regal, BC	113,202	32,234	80,968	80,968	-
Total	$ 481,547	$ 32,234	$ 449,313	$ 70,188	$ 379,124

7. Exploration and evaluation assets (continued)

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

(a) Nor Property, Yukon Territory

The Nor Property consists of mineral claims in the Dawson Mining District, Yukon Territory.

Certain claims are subject to a 2% Net Smelter Royalty ("NSR"). The Company has the right to purchase 50% of the NSR for a purchase price of $2,000,000 and the right of first refusal on the remaining 50%.

The Nor Property is currently in an area where there is dispute called the 'Peel Watershed Regional Use Plan' ("Plan") between the Yukon Government and First Nations Group. Therefore, the Plan has restricted the Company from exploration activities. Subsequent to the year end, the Plan has been settled, however the area where the property is located is not yet finalized, with respect to mining activities. Management has kept the claims and titles in good standing and intends to continue exploration once a conclusion with respect to the mining activities has been finalized.

(b) Carswell Property, Saskatchewan

During October 2004, the Company staked a mineral claim in the Athabasca Basin, Saskatchewan.

Pursuant to an Option Agreement dated March 2, 2005, the Company granted an option to a third party to earn a 50% interest in the Carswell Property. To earn this interest the optionee paid $25,000 cash, issued 200,000 of its shares and incurred $100,000 in exploration expenditures. During fiscal 2009 the third party company met the terms of the Option Agreement and has a 50% interest in the property.

Pursuant to a Joint Venture Agreement dated July 24, 2008, the Company granted the third party a further 30% interest in the claim, resulting in the third party having a 80% undivided interest in the property, subject to the delivery by the third party of a bankable feasibility study.

The Company will retain a carried interest until the feasibility study is delivered, at which time the Company will have the choice to take on a 20% participating interest in a new company to operate the production facility or take on a 2% NSR for all uranium mineral products and a 2% NSR for all other metals.

The third party will return all the Company's interest in any of the claims upon a decision by the third party to terminate work thereon.

Effective April 5, 2018, the Company disposed of its interest in the Middle Lake (Carswell), Saskatchewan property for total cash proceeds of $5,000 and recognized a loss in the statement of loss and comprehensive loss of $5,780.

(c) Regal Property, British Columbia

On November 15, 2017, the Company entered into an option agreement to acquire 100% interest in the Regal Property located near Revelstoke, British Columbia. The Company entered into a four year option agreement where upon execution paid $5,000 cash and issued 50,000 shares at a fair value of $3,000 (Note 12). The remaining terms and payments under the agreement are as follows:

i) $10,000 cash payment (paid during the year ended June 30, 2019) and 50,000 shares (issued during the year ended June 30, 2019) to the vendor on the first anniversary of the agreement;
ii) $20,000 cash payment and 100,000 shares to be issued to the vendor on the second anniversary of the agreement;
iii) $30,000 cash payment and 150,000 shares to be issued to the vendor on the third anniversary of the agreement; and
iv) $40,000 cash payment and 250,000 shares to be issued to the vendor on the fourth anniversary of the agreement.

(Expressed in Canadian Dollars)

7. Exploration and evaluation assets (continued)

The vendor will retain a 3% NSR which can be fully bought out anytime for $500,000 cash and 100,000 shares per each 1%.

8. Trade payables and accrued liabilities

	June 30, 2019	June 30, 2018
Trade payables (Note 14)	$ 69,948	$ 22,254
Accrued liabilities	15,000	10,000
	$ 84,948	$ 32,254

9. Promissory notes payable

Two promissory notes totaling $10,000 (2018 - $nil) are payable to two companies controlled by two directors of the Company (Note 14). The promissory notes bear interest at the rate of 10% per annum, calculated daily and compounded monthly payable when the notes become due. The interest rate was fixed until the maturity date of the promissory note. The notes are due November 14, 2019.

During the year ended June 30, 2019, the Company recorded accrued interest of $654 (2018 - $nil) on the promissory notes (Note 14).

10. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Years ended	
	June 30, 2019	June 30, 2018
Net loss	$ (233,858)	$ (197,752)
Statutory tax rate	27%	27%
Expected income tax recovery at the statutory tax rate	(63,142)	(53,393)
Non-deductible items and other	(213,846)	(88,969)
Change in valuation allowance	276,988	142,362
Income tax recovery	$ -	$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	June 30, 2019	June 30, 2018
Non-capital loss carry-forwards	$ 1,668,474	$ 1,363,193
Exploration and evaluation assets	659,799	690,647
Property and equipment	14,530	14,530
Investment tax credit	216,107	216,107
Capital losses carried forward	505,372	505,372
Marketable securities	2,700	2,700
Share issuance costs	4,183	1,629
	3,071,165	2,794,178
Valuation allowance	(3,071,165)	(2,794,178)
Deferred tax assets	$ -	$ -

The Company has non-capital losses of $6,179,533 that will commence expiring in the year 2026.

11. Restoration and environmental obligations

The Company did not provide for any possible restoration and environmental obligations as management believes that no liability exists. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments regarding restoration and environmental obligations.

12. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At June 30, 2019 there were 24,986,435 (2018 – 22,876,435) issued and fully paid common shares.

Share Issuances

On April 1, 2019, the Company issued 2,000,000 common shares in a non-brokered private placement at a price of $0.10 per unit for gross proceeds of $200,000. Each unit consisted of one common share of the Company and one half non-transferable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 1 year from the closing date of the Offering at a price of $0.15 per share.

During the year ended June 30, 2019, the Company also issued 60,000 common shares at $0.10 per share as a finders fee and 50,000 common shares for exploration and evaluation assets with a fair value of $0.095 per share (Note 7).

On November 21, 2017 the Company issued 2,000,000 common shares in a non-brokered private placement at a price of $0.10 per unit for gross proceeds of $200,000. Each unit consisted of one common share of the Company and one half non-transferable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 1 year from the closing date of the Offering at a price of $0.15 per share.

During the year ended June 30, 2018, the Company also issued 50,000 common shares at $0.06 per share as a finders fee and 50,000 common shares for exploration and evaluation assets with a fair value of $0.06 per share (Note 7).

The share issuance costs for the year ended June 30, 2019 were $13,780 (2018 – $6,791).

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended June 30, 2019 was based on the net loss attributable to common shareholders of $233,858 (2018 – $197,752) and the weighted average number of common shares outstanding of 23,415,339 (2018 – 22,088,079).

Diluted loss per share did not include the effect of stock options or warrants as the effect would be anti-dilutive.

Warrants

During the year ended June 30, 2019, 1,000,000 warrants were granted as part of the units issued in a private placement on April 1, 2019. Each full warrant may be exercised for one additional common share for a period of 1 year from the closing date of the Offering at a price of $0.15 per share.

During the year ended June 30, 2018, 1,000,000 warrants were granted as part of the units issued in a private placement on November 21, 2017. Each full warrant may be exercised for one additional common share for a period of 1 year from the closing date of the Offering at a price of $0.15 per share.

(Expressed in Canadian Dollars)

12. Share capital (continued)

Warrants (continued)

The following table summarizes the continuity of the Company's warrants:

	June 30, 2019		June 30, 2018	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Warrants outstanding, beginning	3,000,000	$ 0.100	2,000,000	$ 0.075
Warrants issued	1,000,000	0.150	1,000,000	0.150
Warrants expired	-	-	-	-
Warrants cancelled	-	-	-	-
Warrants outstanding, ending	4,000,000	$ 0.113	3,000,000	$ 0.100
Warrants exercisable, ending	4,000,000	$ 0.113	3,000,000	$ 0.100

During the year ended June 30, 2019, the Company extended the terms of 3,000,000 common share purchase warrants by 12 months. These warrants were issued pursuant to private placements and the new expiry dates are May 3, 2020 for 2,000,000 common share purchase warrants and November 21, 2019 for 1,000,000 common share purchase warrants. No additional compensation was recognized related to the extensions. All other terms of the warrants remained unchanged.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. The maximum discount allowed varies with share price, with a maximum of 25% and a minimum price of $0.05. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or thirty days following cessation of an optionee conducting investor relations activities' position. Pursuant to the stock option plan, options granted in respect of investor relations activities are subject to vesting in stages over one year from the grant date with a maximum of one-quarter of the options vesting in any three month period. Vesting restrictions may also be applied to other options grants, at the discretion of the Board of Directors.

During the year ended June 30, 2018 the Company granted 425,000 stock options to directors and officers of the Company. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of $0.06.

(Expressed in Canadian Dollars)

12. Share capital (continued)

Stock options (continued)

The following table summarizes the continuity of the Company's stock options:

	June 30, 2019		June 30, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	2,095,000	$ 0.05	1,670,000	$ 0.05
Options granted	-	-	425,000	0.06
Options expired	-	-	-	-
Options cancelled	-	-	-	-
Options outstanding, ending	2,095,000	$ 0.05	2,095,000	$ 0.05
Options exercisable, ending	2,095,000	$ 0.05	2,095,000	$ 0.05

13. Reserves

Warrant reserve

The warrant reserve records the fair value of the common shares purchase warrants recorded using the Black-Scholes Option Pricing Model. At the time the warrants are issued, there is a corresponding amount recorded as an offset to share capital.

During the year ended June 30, 2019, the Company issued 1,000,000 common share purchase warrants as part of the private placement referenced above. Each common share purchase warrant may be exercised for a period of 12 months from the closing date of the private placement at a price of $0.15.

The fair value of the common share purchase warrants was determined to be $25,216 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 126% volatility, a risk fee interest rate of 1.60%, and a term of 1 year.

During the year ended June 30, 2018, the Company issued 1,000,000 common share purchase warrants as part of the private placement referenced above. Each common share purchase warrant may be exercised for a period of 12 months from the closing date of the private placement at a price of $0.15. The fair value of the common share purchase warrants was determined to be $33,266 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 208% volatility, a risk fee interest rate of 1.31%, and a term of 1 year.

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

During the year ended June 30, 2018, the Company:

Granted 425,000 options to purchase common shares to directors and consultants of the Company. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of $0.05. The fair value of the common share purchase options was determined to be $25,476 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 208% volatility, a risk fee interest rate of 1.31%, and a term of 10 years.

(Expressed in Canadian Dollars)

13. Reserves (continued)

Investment revaluation reserve

The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses.

14. Related party transactions

The Company incurred the following related party transactions with companies that are controlled by a relative of a director of the Company.

	Year Ended	
	June 30, 2019	**June 30, 2018**
Interest expense – directors of the Company (Note 9)	$ 654	$ -

Key management personnel compensation

	Year Ended	
	June 30, 2019	**June 30, 2018**
Consulting fees – accrued or paid to officers	$ 192,500	$ 120,000

Included in trade payables at June 30, 2019 is $67,651 (2018 – $16,419) owed to officers of the Company for accrued consulting fees (Note 8). As at June 30, 2019, the Company had promissory notes of $10,654 outstanding to companies controlled by officers of the Company (Note 9).

15. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

The Company's secondary exposure to risk is on its receivable. This risk is minimal as receivables consist of refundable government goods and services taxes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

15. Financial risk and capital management (continued)

Liquidity risk (continued)

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at June 30, 2019:

	Within one year	Between one and five years	More than five years
Trade Payables	$ 69,948	$ -	$ -

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 not exposed to interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to currency risk as it incurs expenditures that are primarily denominated in Canadian dollars.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of share capital and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

The following is an analysis of the Company's financial assets measured at fair value using level inputs as at June 30, 2019 and June 30, 2018:

	As at June 30, 2019		
	Level 1	Level 2	Level 3
Cash	$ 4,388	$ -	$ -
Marketable securities	32,000	-	-
	$ 36,388	$ -	$ -

	As at June 30, 2018		
	Level 1	Level 2	Level 3
Cash	$ 14,260	$ -	$ -
Marketable securities	32,000	-	-
	$ 46,260	$ -	$ -

16. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

At June 30, 2019 all of the Company's assets are located in Canada.

17. Subsequent events

On September 17, 2019, the Company completed a private placement for a total of 6,000,000 units at a price of $0.10 per unit for total gross proceeds of $600,000. Each unit consists of one common share of the Company and one half of one non-transferrable common share purchase warrant. Each whole warrant may be exercised for one additional common share at a price of $0.15 for a period of 12 months from the closing date of the private placement.

On September 20, 2019 the Company extended the term of 1,000,000 common share purchase warrants by 12 months. These warrants were issued pursuant to private placements and the new expiry date is November 21, 2020.

On October 23, 2019, the Company granted 250,000 options to an advisory board member under the Company's incentive option plan.