

Affinity Metals Corp.
Condensed Interim Financial Statements
Three Month Period Ended September 30, 2019

(Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed financial statements have been prepared by and are the responsibility of the management.

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

Affinity Metals Corp.
Condensed Interim Statements of Financial Position
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Note	September 30, 2019	June 30, 2019
ASSETS			
Current assets			
Cash		\$ 248,593	\$ 4,388
Marketable securities	4	76,000	32,000
Prepaid expenses		3,575	-
Receivables	5	16,442	6,645
		344,610	43,033
Non-current assets			
Exploration and evaluation assets	6	822,886	481,547
		822,886	481,547
TOTAL ASSETS		\$ 1,167,496	\$ 524,580
LIABILITIES			
Current Liabilities			
Trade payables and accrued liabilities	7, 12	\$ 177,172	\$ 84,948
Promissory notes payable	8, 12	10,904	10,654
TOTAL LIABILITIES		188,076	95,602
SHAREHOLDERS' EQUITY			
Share capital	10	18,119,455	17,894,308
Reserves	11	1,581,684	1,197,141
Accumulated other comprehensive loss	4	24,000	(20,000)
Deficit		(18,745,719)	(18,642,471)
TOTAL SHAREHOLDERS' EQUITY		979,420	428,978
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 1,167,496	\$ 524,580

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 14)

Approved on Behalf of the Board:

/s/ "Robert Edwards"

Robert Edwards, Director

/s/ "Sean Pownall"

Sean Pownall, Director

Affinity Metals Corp.
Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Note	Three months ended	
		September 30, 2019	September 30, 2018
Expenses			
Business development and property investigation		\$ 30,338	\$ -
Consulting fees	12	60,000	45,000
Interest	8	250	-
Office and miscellaneous		3,627	94
Professional fees		3,977	2,500
Stock-based compensation	11	-	-
Transfer agent and filing fees		5,056	645
		(103,248)	(48,239)
Net loss		(103,248)	(48,239)
Other comprehensive income (loss)			
Unrealized gain (loss) on short-term investments	4	44,000	(4,000)
Total comprehensive loss		\$ (59,248)	\$ (52,239)
Weighted average number of outstanding shares		25,802,259	22,876,435
Loss per share - basic and diluted		\$ (0.00)	\$ (0.00)

Affinity Metals Corp.
Condensed Interim Statements of Changes in Equity
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Note	Share Capital		Reserves		Accumulated other comprehensive loss	Deficit	Total
		Number of shares	Amount	Stock option reserve	Warrant reserve			
Balance at June 30, 2018		22,876,435	\$17,722,554	\$ 1,062,455	\$ 109,470	\$ (20,000)	\$ (18,408,613)	\$ 465,866
Net income (loss)		-	-	-	-	-	(48,239)	(48,239)
Unrealized loss on marketable securities	4	-	-	-	-	(4,000)	-	(4,000)
Balance at September 30, 2018		22,876,435	\$ 17,722,554	\$ 1,062,455	\$ 109,470	\$ (24,000)	\$ (18,456,852)	\$ 413,627
Balance at June 30, 2019		24,986,435	\$ 17,894,308	\$ 1,062,455	\$ 134,686	\$ (20,000)	\$ (18,642,471)	\$ 428,978
Net loss for the year		-	-	-	-	-	(103,248)	(103,248)
Shares issued in private placement	10	6,000,000	600,000	-	-	-	-	600,000
Shares issued for services	10	96,000	13,440	-	-	-	-	13,440
Valuation of warrants issued	11	-	(384,542)	-	384,542	-	-	-
Share issuance costs	10	-	(3,750)	-	-	-	-	(3,750)
Unrealized gain on marketable securities	4	-	-	-	-	44,000	-	44,000
Balance at September 30, 2019		31,082,435	\$ 18,119,456	\$ 1,062,455	\$ 519,228	\$ 24,000	\$ (18,745,719)	\$ 979,420

See accompanying notes to the financial statements

Affinity Metals Corp.
Consolidated Interim Statements of Cash Flows
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Three months ended	
	September 30, 2019	September 30, 2018
Operating activities		
Net income (loss)	\$ (103,248)	\$ (48,239)
Adjustments for:		
Accrued interest on promissory notes	250	-
Changes in non-cash working capital items:		
Receivables	(9,797)	(516)
Prepaid expenses and deposits	(3,575)	-
Trade payables and accrued liabilities	105,664	37,100
Net cash flows used in operating activities	(10,706)	(11,655)
Investing activities		
Exploration and Evaluation asset expenditures	(341,339)	(750)
Net cash flows used in investing activities	(341,339)	(750)
Financing activities		
Proceeds from sale of shares	596,250	-
Net cash flows from financing activities	596,250	-
Increase (decrease) in cash	244,205	(12,405)
Cash, beginning	4,388	14,260
Cash, ending	\$ 248,593	\$ 1,855

Affinity Metals Corp.
Notes to the Condensed Interim Financial Statements
For the Three Months Ended September 30, 2019 and 2018
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

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 September 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 November 29, 2019 by the directors of the Company.

Statement of compliance

The condensed interim 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”). These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”).

These interim unaudited condensed financial statements do not include all of the information required for full annual financial statements and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this unaudited condensed interim financial report be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019. The effects of the adoption of new and amended IFRS pronouncements have been disclosed in Note 3 of these condensed interim financial statements.

The accounting policies and methods of application applied by the Company in these condensed interim financial statements are the same as those applied in the Company’s most recent annual financial statements for the year ended June 30, 2019, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective July 1, 2019.

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.

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3. Adoption of New and Amended IFRS Pronouncements

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 unaudited 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 September 30, 2019, the Company holds 800,000 (2019 – 800,000) common shares of American Creek Resources Ltd. ("American Creek Shares"). At September 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 \$0.095 per share and therefore the Company wrote the marketable securities up to \$76,000 (2019 - \$32,000). The total unrealized gain on marketable securities for the period ended September 30, 2019 is \$44,000 (2019 - \$nil) which is recorded in other comprehensive loss.

5. Receivables

Receivables consists of GST recoverable.

6. Exploration and evaluation assets

	Balance September 30, 2019	Current Expenditures	Balance June 30, 2019	2019 Expenditures	Balance June 30, 2018
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

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	Balance September 30, 2019	Current Expenditures	Balance June 30, 2019	2019 Expenditures	Balance June 30, 2018
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)
Supervision	-	-	-	-	10,750
Supplies and miscellaneous	-	-	-	-	30
Impairment	-	-	-	-	(5,780)
	-	-	-	-	-
Total Carswell, Saskatchewan	-	-	-	-	-
Regal, BC					
Property acquisition costs	22,750	-	22,750	14,750	8,000
Exploration and evaluation costs					
Accommodation and meals	11,475	11,475	-	-	-
Assays	1,150	-	1,150	-	1,150
Diamond drilling	150,000	150,000	-	-	-
Equipment rental	4,900	-	4,900	-	4,900
Fuel	2,248	1,798	450	-	450
Geologist	17,648	17,648	-	-	-
Helicopter	150,557	139,937	10,620	-	10,620
Licenses, permits, bonds	16,000	15,100	900	900	-
Prospecting	40,884	-	40,884	16,584	24,300
Reporting costs	3,680	-	3,680	-	3,680
Supplies and miscellaneous	32,437	4,569	27,868	-	27,868
Support wages	112	112	-	-	-
Travel and transport	700	700	-	-	-
	431,791	341,339	90,452	17,484	72,969
Total Regal, BC	454,541	341,339	113,202	32,234	80,968
Total	\$ 822,886	\$ 341,339	\$ 481,547	\$ 32,234	\$ 449,313

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

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6. Exploration and evaluation assets (continued)

the Company from exploration activities. Subsequent to these financial statements, 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.

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%.

7. Trade payables and accrued liabilities

	September 30, 2019	June 30, 2019
Trade payables (Note 12)	\$ 12,172	\$ 69,948
Accrued liabilities	165,000	15,000
	\$ 177,172	\$ 84,948

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8. Promissory notes payable

Two promissory notes totaling \$10,000 (2019 - \$nil) are payable to two companies controlled by two directors of the Company (Note 12). 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 period ended September 30, 2019, the Company recorded accrued interest of \$250 (2019 - \$654) on the promissory notes (Note 12).

9. 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.

10. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2019 there were 31,082,435 (2019 – 24,986,435) issued and fully paid common shares.

Share Issuances

On September 18, 2019, the Company issued 6,000,000 common shares in a non-brokered private placement at a price of \$0.10 per unit for gross proceeds of \$600,000. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 2 years from the closing date of the Offering at a price of \$0.15 per share.

On September 15, 2019, the Company issued 96,000 common shares with a fair value of \$13,440 as part of a shares for services agreement.

During the year ended June 30, 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 6).

The share issuance costs for the period ended September 30, 2019 were \$3,750 (2019 – \$13,780).

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the period ended September 30, 2019 was based on the net loss attributable to common shareholders of \$103,248 (2019 – \$233,858) and the weighted average number of common shares outstanding of 25,802,259 (2019 – 23,415,339).

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

Affinity Metals Corp.
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10. Share capital (continued)

Warrants

On September 18, 2019, 6,000,000 warrants were granted as part of the units issued in a private placement. Each full warrant may be exercised for one additional common share for a period of 2 years from the closing date of the Offering at a price of \$0.15 per share.

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.

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

	September 30, 2019		June 30, 2019	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	4,000,000	\$ 0.113	3,000,000	\$ 0.100
Warrants issued	6,000,000	0.150	1,000,000	0.150
Warrants expired	-	-	-	-
Warrants cancelled	-	-	-	-
Warrants outstanding, ending	10,000,000	\$ 0.140	4,000,000	\$ 0.113
Warrants exercisable, ending	10,000,000	\$ 0.140	4,000,000	\$ 0.113

On September 20, 2019 the Company extended the term of 1,000,000 common share purchase warrants that were originally issued November 21, 2017 and are exercisable at a price of \$0.15/share until November 21, 2019. The Company extended the term by one year such that the warrants are now exercisable until November 21, 2020 at an exercise price of \$0.15/share. No additional compensation was recognized related to the extensions. All other terms of the warrants remained unchanged.

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.

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10. Share capital (continued)

Stock options (continued)

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

	September 30, 2019		June 30, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	2,095,000	\$ 0.05	2,095,000	\$ 0.05
Options granted	-	-	-	-
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

11. 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.

On September 18, 2019, the Company issued 6,000,000 common share purchase warrants as part of the private placement referenced above. Each common share purchase warrant may be exercised for a period of 24 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 \$384,542 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 181% volatility, a risk free interest rate of 1.61%, and a term of 2 years.

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 free interest rate of 1.60%, 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.

Investment revaluation reserve

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

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12. 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.

	Three Months Ended	
	September 30, 2019	September 30, 2018
Interest expense – directors of the Company	\$ 250	\$ -

Key management personnel compensation

	Three Months Ended	
	September 30, 2019	September 30, 2018
Consulting fees – accrued or paid to officers	\$ 60,000	\$ 45,000

Included in trade payables at September 30, 2019 is \$nil (2018 – \$56,209) owed to officers of the Company for accrued consulting fees (Note 7). As at September 30, 2019, the Company had promissory notes of \$10,904 outstanding to companies controlled by officers of the Company (Note 8).

13. Segmented information

Operating segments

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

Geographic segments

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

14. Subsequent events

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