

Affinity Metals Corp.
Financial Statements
Three Month Period Ended September 30, 2020

(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
As at September 30, 2020 and June 30, 2019
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Note	September 30, 2020	June 30, 2020
ASSETS			
Current assets			
Cash		\$ 1,183,855	\$ 256,349
Marketable securities	4	232,000	248,000
GST receivables		78,072	8,411
Prepaid expenses		119,826	32,684
		1,613,752	545,444
Non-current assets			
Exploration and evaluation assets	5	2,311,187	1,135,257
TOTAL ASSETS		\$ 3,924,940	\$ 1,680,701
LIABILITIES			
Current Liabilities			
Payables	6, 10	\$ 523,693	\$ 205,280
Promissory notes payable	7, 10	-	-
TOTAL LIABILITIES		523,693	205,280
SHAREHOLDERS' EQUITY			
Share capital	8	20,476,267	18,658,856
Reserves	4, 9	2,537,575	2,204,861
Deficit		(19,612,595)	(19,388,296)
TOTAL SHAREHOLDERS' EQUITY		3,401,247	1,475,421
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 3,924,940	\$ 1,680,701

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 12)

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
For the Periods Ended September 30, 2020 and 2019
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Note	Three Months ended	
		September 30, 2020	September 30, 2019
Expenses			
Business development and property investigation		\$ 117,349	\$ 30,338
Consulting fees	6,10	90,000	60,000
Interest	10	-	250
Office and miscellaneous		3,787	3,627
Professional fees		9,430	3,977
Transfer agent and filing fees		3,733	5,056
		(224,299)	(103,248)
Net loss		(224,299)	(103,248)
Other comprehensive income (loss)			
Unrealized (loss) gain on short-term investments	4	(16,000)	44,000
Total comprehensive loss		\$ (240,299)	\$ (59,248)
Weighted average number of outstanding shares		31,156,993	23,415,339
Loss per share - basic and diluted		\$ (0.00)	\$ (0.00)

Affinity Metals Corp.
Condensed Interim Statements of Changes in Equity
For the Periods Ended September 30, 2020 and 2019
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Note	Share Capital		Reserves			Deficit	Total
		Number of shares	Amount	Stock option reserve	Warrant reserve	Investment revaluation reserve		
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 period		-	-	-	-	-	(103,248)	(103,248)
Shares issued in private placement	8	6,000,000	600,000	-	-	-	-	600,000
Shares issued for finders fees	8	96,000	13,440	-	-	-	-	13,440
Shares issued for acquisition of exploration and evaluation assets	5, 8	-	(384,542)	-	384,542	-	-	-
Valuation of warrants issued	9	-	(3,750)	-	-	-	-	(3,750)
Share issuance costs	8	-	-	-	-	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
Balance at June 30, 2020		36,504,735	\$ 18,658,856	\$ 1,265,055	\$ 743,806	\$ 196,000	\$ (19,388,296)	\$1,475,421
Net loss for the year		-	-	-	-	-	(224,299)	(224,299)
Shares issued in private placement	8	9,377,366	2,223,133	-	-	-	-	2,223,133
Valuation of warrants issued	9	-	(348,714)	-	348,714	-	-	-
Share issuance costs	8	-	(57,008)	-	-	-	-	(57,008)
Unrealized gain on marketable securities	4	-	-	-	-	(16,000)	-	(16,000)
Balance at September 30, 2020		45,882,101	\$ 20,476,267	\$ 1,265,055	\$ 1,092,520	\$ 180,000	\$ (19,612,595)	\$3,401,247

See accompanying notes to the financial statements

Affinity Metals Corp.
Condensed Interim Statements of Cash Flows
For the Periods Ended September 30, 2020 and 2019
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Three Months Ended	
	September 30, 2020	September 30, 2019
Operating activities		
Net loss	\$ (224,299)	\$ (103,248)
Adjustments for:		
Accrued interest on promissory notes	-	250
Changes in non-cash working capital items:		
GST receivables	(69,661)	(9,797)
Prepaid expenses and deposits	(87,142)	(3,575)
Trade payables and accrued liabilities	318,413	105,664
Net cash flows used in operating activities	(62,689)	(10,706)
Investing activities		
Exploration and Evaluation asset expenditures	(1,175,930)	(341,339)
Net cash flows used in investing activities	(1,175,930)	(341,339)
Financing activities		
Proceeds from sale of shares	2,223,133	596,250
Proceeds from promissory notes	-	-
Repayment of promissory notes	-	-
Share issuance costs	(57,008)	-
Net cash flows from financing activities	2,166,125	596,250
Increase (decrease) in cash	927,506	244,205
Cash, beginning	256,349	4,388
Cash, ending	\$ 1,183,855	\$ 248,593

Affinity Metals Corp.
Notes to the Financial Statements
For the Periods Ended September 30, 2020
(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, 2020, 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.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from the novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in fiscal 2021.

2. Significant accounting policies and basis of presentation

The financial statements were authorized for issue on November 30, 2020 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, 2020. 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, 2020, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective July 1, 2019.

Affinity Metals Corp.
Notes to the Financial Statements
For the Periods Ended September 30, 2020
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

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

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.

3. Adoption of New and Amended IFRS Pronouncements

On July 1, 2019, the Company adopted IFRS 16. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. The adoption of this new standard did not have a material impact on the financial statements of the Company as the Company has no leases.

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, 2020, the Company holds 800,000 (June 30, 2020 – 800,000) common shares of American Creek Resources Ltd. ("American Creek Shares") carried at fair value of \$232,000 (June 30, 2020 - \$248,000). The total unrealized gain on marketable securities for the period ended September 30, 2020 is \$180,000 (June 30, 2020 - \$196,000) which is recorded in other comprehensive loss.

5. Exploration and evaluation assets

	Balance September 30, 2020	Current Expenditures	Balance June 30, 2020	2019 Expenditures	Balance June 30, 2019
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

Affinity Metals Corp.
Notes to the Financial Statements
For the Periods Ended September 30, 2020
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Balance September 30, 2020	Current Expenditures	Balance June 30, 2020	2019 Expenditures	Balance June 30, 2019
Regal, BC					
Property acquisition costs	50,750	-	50,750	28,000	22,750
Exploration and evaluation costs					
Accommodation and meals	23,539	5,806	17,733	17,733	-
Assays	17,458	-	17,458	16,308	1,150
Diamond drilling	925,547	698,517	227,030	227,030	-
Equipment rental	7,155	55	7,100	2,200	4,900
Fuel	4,214	880	3,334	2,884	450
Geologist	74,778	30,629	44,149	44,149	-
Helicopter	636,286	383,144	253,142	242,522	10,620
Licenses and permitting	21,646	350	21,296	20,396	900
Mining Exploration Tax Credit	(5,310)	(5,310)	-	-	-
Property Bond	22,000	22,000	-	-	-
Prospecting	82,784	11,250	71,534	30,650	40,884
Reporting costs	5,540	-	5,540	1,860	3,680
Staking costs	3,658	71	3,587	3,587	-
Supplies and miscellaneous	54,573	12,418	42,155	14,287	27,868
Support wages	15,853	15,741	112	112	-
Travel and transport	2,371	379	1,992	1,992	-
	1,892,092	1,175,930	716,162	625,710	90,452
Total Regal, BC	1,942,842	1,175,930	766,912	653,710	113,202
Total	\$ 2,311,187	\$ 1,175,930	\$ 1,135,257	\$ 653,710	\$ 481,547

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. The Plan has restricted the Company from exploration activities. Subsequent to the year end, the Plan has been settled, however the area where the Nor 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 reached.

(b) 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. 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) (Note 8) to the vendor on the first anniversary of the agreement;
- ii) \$20,000 cash payment (paid during the year ended June 30, 2020) and 100,000 shares (issued during the year ended June 30, 2020) (Note 8) 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

Affinity Metals Corp.
Notes to the Financial Statements
For the Periods Ended September 30, 2020
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5. Exploration and evaluation assets

- 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%.

6. Payables

	September 30, 2020	June 30, 2020
Trade payables (Note 10)	\$ 457,079	\$ 151,266
Other liability	51,614	39,014
Accrued liabilities	15,000	15,000
	\$ 523,693	\$ 205,280

The Company entered into a consulting agreement with a third party (the “Consultant”) during the year ended June 30, 2020. The contract value of the services is \$63,000 payable with common shares of the Company at the market price based on the following schedule:

September 15, 2019	\$ 12,600
December 15, 2019	12,600
March 15, 2020	12,600
June 15, 2020	12,600
September 15, 2020	12,600
	\$ 63,000

The Consultant completed services for the value of \$52,454 during the year ended June 30, 2020 and the Company issued 96,000 common shares to the Consultant for the value of \$13,440 (Note 8). The other liability of \$39,014 consists of the liability payable to the Consultant for the services completed during the year ended June 30, 2020. The remaining services worth \$12,600 were completed after the year end June 30, 2020. As at September 30, 2020 the total obligation is \$51,614. This obligation was classified as a financial liability, in accordance with IAS 32, due to the fact that the liability is going to be settled with a variable numbers of common shares to be determined by the market price and the contractual price of the consultant agreement of \$63,000.

7. 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.

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2020 there were 45,882,101 (June 30, 2020 – 36,504,735) issued and fully paid common shares.

Affinity Metals Corp.
Notes to the Financial Statements
For the Periods Ended September 30, 2020
(Unaudited – prepared by Management)
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8. Share capital (continued)

Common shares

Issued during the period ended September 30, 2020:

On July 28, 2020, the Company issued 3,750,000 common shares in a non-brokered private placement at a price of \$0.20 per unit for gross proceeds of \$750,000. 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 at a price of \$0.35 per share.

On July 28, 2020, the Company also issued 4,605,137 common shares in a non-brokered private placement at a price of \$0.22 per unit for gross proceeds of \$1,013,130. 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 at a price of \$0.33 per share.

On August 14, 2020, the Company issued 1,022,229 flow-through common shares in a non-brokered private placement at a price of \$0.45 per unit for gross proceeds of \$460,003. Each unit consisted of one flow-through common share of the Company and one non-flowthrough, non-transferable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 18 months from the closing date at a price of \$0.65 per share.

Issued during the year ended June 30, 2020:

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 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 (Note 6)

On November 14, 2019, the Company issued 100,000 common shares with a fair value of \$8,000 as part of an ongoing agreement to acquire exploration and evaluation assets (Note 5).

On February 7, 2020 and February 27, 2020, the Company issued 250,000 common shares on warrants exercised for gross proceeds of \$18,750.

On March 2 and March 24, 2020, the Company issued a total of 2,572,300 common shares in two tranches of a non-brokered private placement at a price of \$0.20 per unit for gross proceeds of \$514,460. 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 \$0.30 per share.

On April 22, 2020, the Company issued 750,000 common shares on warrants exercised for gross proceeds of \$112,500.

On May 3, 2020, the Company issued 1,750,000 common shares on warrants exercised for gross proceeds of \$131,250.

The share issuance costs for the periods ended September 30, 2020 were \$57,008 (2019 – \$3,750).

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the period ended September 30, 2020 was based on the net loss attributable to common shareholders of \$224,299 (2019 – \$103,248) and the weighted average number of common shares outstanding of 42,974,130 (2019 – 25,802,259).

Affinity Metals Corp.
Notes to the Financial Statements
For the Periods Ended September 30, 2020
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

8. Share capital (continued)

Diluted loss per share did not include the effect of 4,485,000 stock options or 18,949,666 warrants as the effect would be anti-dilutive.

Warrants

Granted during the period ended September 30, 2020:

On July 28, 2020, 3,750,000 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 at a price of \$0.35 per share.

On July 28, 2020, 4,605,137 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 at a price of \$0.33 per share.

On August 14, 2020, 1,022,229 warrants were granted as part of the units issued in a flow-through private placement. Each full non-flow-through warrant may be exercised for one additional common share for a period of 18 months from the closing date at a price of \$0.65 per share.

Granted during the year ended June 30, 2020:

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 at a price of \$0.15 per share.

On February 20, 2020, 250,000 warrants were exercised at \$0.075 per share.

On April 22, 2020, 750,000 warrants were exercised at \$0.15 per share.

On May 3, 2020, 1,750,000 warrants were exercised for \$0.075 per share.

On March 2 and March 24, 2020, 2,572,300 warrants were granted as part of the units issued in a private placement in the two separate tranches. 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 \$0.30 per share.

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

	September 30, 2020		June 30, 2020	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	9,572,300	\$ 0.19	4,000,000	\$ 0.11
Warrants issued	9,377,366	0.37	8,572,300	0.20
Warrants exercised	-	-	(2,750,000)	0.10
Warrants expired	-	-	(250,000)	0.15
Warrants outstanding, ending	18,949,666	\$ 0.28	9,572,300	\$ 0.19
Warrants exercisable, ending	18,949,666	\$ 0.28	9,572,300	\$ 0.19

During the year ended June 30, 2020, the Company extended the terms of 1,000,000 common share purchase warrants by 12 months. These warrants were issued pursuant to private placements and the new

Affinity Metals Corp.
Notes to the Financial Statements
For the Periods Ended September 30, 2020
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

8. Share capital (continued)

expiry date is November 21, 2020. 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.

On October 23, 2019 the Company granted 250,000 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 \$0.135. The options vested immediately.

On May 21, 2020, the Company granted 1,000,000 stock options to directors, officers and a consultant 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 \$0.19. The options vested immediately.

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

	September 30, 2020		June 30, 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	3,345,000	\$ 0.10	2,095,000	\$ 0.05
Options granted	1,250,000	0.19	1,250,000	0.19
Options expired	-	-	-	-
Options cancelled	-	-	-	-
Options outstanding, ending	3,345,000	\$ 0.10	3,345,000	\$ 0.10
Options exercisable, ending	3,345,000	\$ 0.10	3,345,000	\$ 0.10

9. 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.

Affinity Metals Corp.
Notes to the Financial Statements
For the Periods Ended September 30, 2020
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

9. Reserves (continued)

On July 28, 2020, the Company issued 3,750,000 common share purchase warrants as part of the private placement (Note 8). 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 \$0.20. The fair value of the common share purchase warrants was determined to be \$134,261 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 154% volatility, a risk free interest rate of 0.23%, and a term of 2 years.

On July 28, 2020, the Company also issued 4,605,137 common share purchase warrants as part of the private placement (Note 8). 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 \$0.22. The fair value of the common share purchase warrants was determined to be \$195,437 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 154% volatility, a risk free interest rate of 0.23%, and a term of 2 years.

On August 14, 2020, the Company issued 1,022,229 common share purchase warrants as part of the private placement (Note 8). Each common share purchase warrant may be exercised for a period of 18 months from the closing date of the private placement at a price of \$0.45. The fair value of the common share purchase warrants was determined to be \$19,016 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 155% volatility, a risk free interest rate of 0.25%, and a term of 2 years.

On September 18, 2019, the Company issued 6,000,000 common share purchase warrants as part of the private placement (Note 8). 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 \$406,536 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 156% volatility, a risk free interest rate of 1.62%, and a term of 2 years.

On March 2, 2020, the Company issued 1,960,000 common share purchase warrants as part of the private placement (Note 8). 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 \$0.30. The fair value of the common share purchase warrants was determined to be \$253,004 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 159% volatility, a risk free interest rate of 1.19%, and a term of 2 years.

On March 24, 2020, the Company issued 612,300 common share purchase warrants as part of the private placement (Note 8). 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 \$0.30. The fair value of the common share purchase warrants was determined to be \$44,696 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 159% volatility, a risk free interest rate of 0.64%, and a term of 2 years.

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 period ended September 30, 2020, the Company did not issue options.

During the year ended June 30, 2020, the Company:

Granted 250,000 options to purchase common shares to an advisor 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 \$0.135. The options vested upon grant. The fair value of the common share purchase options was determined to be \$34,700 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 163% volatility, a risk free interest rate of 1.52%, \$0.14 stock price and a term of 10 years.

Affinity Metals Corp.
Notes to the Financial Statements
For the Periods Ended September 30, 2020
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

9. Reserves (continued)

Granted 1,000,000 options to purchase common shares to directors and advisors 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 \$0.19. The options vested upon grant. The fair value of the common share purchase options was determined to be \$167,900 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 159% volatility, a risk free interest rate of 0.55%, \$0.17 stock price and a term of 10 years. **Investment revaluation reserve**

The investment revaluation reserve records unrealized gains and losses arising from financial assets classified as FVTOCI, except for impairment losses.

10. 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.

	Period Ended	
	September 30, 2020	September 30, 2019
Interest expense – directors of the Company (Note 6)	\$ -	\$ 250

Key management personnel compensation

	Period Ended	
	September 30, 2020	September 30, 2019
Consulting fees – accrued or paid to a company controlled by the CEO	\$ 45,000	\$ 30,000
Consulting fees – accrued or paid to a company controlled by the CFO	45,000	30,000
Consulting fees – accrued or paid to officers	\$ 90,000	\$ 60,000

Included in trade payables at September 30, 2020 is \$42,510 (2019 – \$nil) owed to officers of the Company for accrued consulting fees (Note 6). These amounts are unsecured, non-interest bearing and due on demand.

11. 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, 2020 all of the Company's assets are located in Canada.

12. Subsequent events

Exploration and evaluation asset acquisitions

On October 5, 2020, the Company entered into an option agreement to earn up to a 100% interest in the Carscallen Extension property located 25 km west of Timmins, Ontario, Canada. The property consists of 47 claim units covering approximately 940 hectares.

Affinity Metals Corp.
Notes to the Financial Statements
For the Periods Ended September 30, 2020
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

12. Subsequent events (continued)

The terms of the Carscullen Extension option agreement are as follows:

In order for the Company to earn a 70% interest in the property, within 6 months of TSX-V approval of the option agreement:

- i. The Company shall pay \$1,540 in outstanding assay fees and shall receive assays for the bottom section of a previously drilled hole;
- ii. Pay the optionor \$30,000 in cash;
- iii. complete a minimum of 1,300 meters of drilling; and
- iv. Grant to the optionor a 1% NSR along with an initial \$25,000 advance royalty payment.

In order for the Company to earn an additional 10% (80% interest) in the property:

- i. Within 30 days of receipt of assays from the 1,300m drilling above, issue 400,000 shares of the Company to the optionor; and
- ii. Complete an additional 6,000 meters of drilling on the property within 4 months of completing the 70% option.

In order for the Company to earn an additional 10% (90%) interest in the property:

- i. Upon completing the 80% earn in and electing to proceed with the 90% earn in, issue 500,000 warrants of the Company to the optionor; and
- ii. Complete an additional 4,000 meters of drilling on the property within 15 months of TSX-V approval of the option agreement.

In order for the Company to earn an additional 10% (100% interest) in the property:

- i. Pay \$5,000,000 to the optionor.

The Company shall pay advance royalty payments of \$25,000 every 6 months to an aggregate total of \$250,000 to maintain the property in good standing.

The Company will also deliver a Preliminary Economic Assessment within 5 years of executing the option agreement or the property will revert back to the optionor. The optionor will hold a 1% NSR on the property with no buy back provision.

On October 19, 2020, the Company acquired, through staking, the Windfall North Property in Quebec, Canada.

Incentive stock options granted

On October 29, 2020 the Company granted 1,140,000 incentive stock options to directors, officers and consultants.