
AFFINITY METALS CORP.

Management Discussion and Analysis

For the Period Ended September 30, 2021

INTRODUCTION

The following management discussion and analysis (MD&A) of the financial position of Affinity Metals Corp. (“Company”) and results of operations should be read in conjunction with the unaudited financial statements and accompanying notes for the period ended September 30, 2021. The unaudited financial statements together with the following management discussion and analysis are intended to provide readers with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to potential future performance. All statements, other than those of historical fact, included in this MD&A, including without limitation, statements regarding potential mineralization and reserves, exploration results and future plans and objectives of the Company, are forward-looking statements that involve various risks and uncertainties. There can be no assurance such statements will prove accurate and actual results and future events could differ materially from those anticipated in such statements.

DATE

This MD&A includes material occurring up to and including November 29, 2021.

FORWARD LOOKING STATEMENTS

This MD&A contains certain statements that may constitute “forward looking statements”. Forward looking statements include, but are not limited to, statements regarding future anticipated property acquisitions, the content, cost, timing and results of future anticipated exploration programs, the anticipated discovery and delineation of mineral resources/reserves, proposed business and financing plans (including private placements of equity securities), anticipated business trends and potential future operating revenues. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions or are those which, by their nature, refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward-looking statements as a result of various factors, including, but not limited to, the Company’s inability to negotiate successfully for the acquisition of interests in mineral properties, the Company’s inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, the Company’s inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company’s securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All the Company’s public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com under Affinity Metals Corp. and readers are urged to review these materials, including the technical reports filed with respect to the Company’s mineral properties.

DESCRIPTION OF BUSINESS

Affinity Metals Corp. is incorporated in the Province of British Columbia. The Company is a reporting issuer in British Columbia and its shares trade on the TSX Venture Exchange. The Company is engaged in the acquisition, exploration and developing of mineral properties in British Columbia, the Yukon, Ontario and Quebec. The Company is currently focusing on exploring its current properties, identifying new exploration opportunities and identifying potential joint ventures for its properties.

OVERALL PERFORMANCE

At this time, the Company does not own any operating mines and has no operating income/sales from mineral production. Funding for operations is raised primarily through public and private share offerings. Future operations and the Company’s ability to meet mineral property option commitments are dependent on the Company’s ability to raise sufficient funding through share offerings or operations to support current and future expenditures. At September 30, 2021, the Company had working capital of \$175,809.

Realization of the carrying value of mineral interests is dependent upon funding, the ability of the Company and third parties to bring mineral interests into profitable production, or recovery from sale.

The unaudited financial statements have been prepared on a going concern assumption which contemplates the Company will continue in operation and realize its assets and discharge its liabilities in the normal course of operations. Should the going concern assumption not continue to be appropriate, further adjustments to carrying values may be required.

RESULTS OF OPERATIONS – MINERAL PROPERTIES

During the period ended September 30, 2021 the Company incurred exploration and evaluation expenditures in the amount of \$4,537. All expenditures during the period related to the Company's mining exploration efforts were related to the Regal Property for maintenance of drill core as well as some over-limit assay analysis.

Approximately 3,442 meters of diamond drilling were completed on the Regal Property in the previous year along with additional prospecting, mapping and sampling on key areas on the property. The drill core was logged, split and sent to the lab for analysis. Assay results from the sampling program were released on June 3, 2021 and can be found on the Company's website at www.affinity-metals.com.

EXPLORATION EXPENDITURES

Regal Property, BC

The Company's Regal Property is located in the prolific Kootenay Arc near Revelstoke, BC. On November 15, 2017, the Company entered into a four year option agreement to purchase 100% interest in the property. Upon execution of the agreement, the Company issued 50,000 common shares with a fair value of \$3,000 and paid \$5,000 cash. The extensive property package hosts three former past producing mines and in 2011 the property has had an extensive airborne geophysical survey conducted that defined high potential linear targets correlating with the mineralization of the three past producing mines.

The remaining terms and payments of the option agreement are as follows:

- i) \$40,000 cash payment (paid November 15, 2021) and 250,000 shares (issued November 15, 2021) 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%.

Carscallen Extension Property, ON

The Company's Carscallen Extension Property immediately adjoins the Melkior/Kirkland Lake Gold JV Carscallen Project located approximately 6 km west of Pan American Silver's West Timmins Mine and approximately 25 KM West of Timmins, Ontario.

On September 29, 2020, the Company entered into an option agreement to acquire up to 100% interest in the Carscallen Extension Property. On June 3, 2021, the company withdrew from the option agreement after analyzing the results of the drill program to focus on other properties within its portfolio and recorded an impairment costs of \$367,187.

Terms of the agreement were as follows:

Initial 70% Earn-in

- i) \$1,540 outstanding assay fees from previous drill hole (paid)
- ii) \$30,000 cash payment (paid)
- iii) Complete at least 1,300m of diamond drilling on the property (completed)
- iv) Grant 1% NSR to the optionor along with \$25,000 advance royalty payment

Additional 10% Earn-in (80%)

- i) Issue 400,000 common shares of the Company
- ii) Complete an additional 6,000m of diamond drilling within 4 months of completing the 70% earn-in

Additional 10% Earn-in (90%)

- i) Issue 500,000 common share purchase warrants of the Company
- ii) Complete an additional 4,000m of diamond drilling within 15 months of TSXV Exchange approval of the agreement

Additional 10% Earn-in (100%)

- i) \$5,000,000 cash payment

Advance royalty payments of \$25,000 every 6 months subsequent to the first royalty payment to an aggregate total of \$250,000 must be made to maintain the property in good standing.

Windfall North Property, QC

The Company acquired, through staking, a mineral property in Quebec, Canada that adjoins Osisko's world class Windfall Lake project claim holdings. The property has been named the Windfall North Property. The property consists of 96 mineral tenures spanning 5143.15 hectares and straddles the very prospective main lithological contact and structural trend along strike 9 km northeast from Osisko's rapidly growing Windfall Lake deposit within the prolific Abitibi Greenstone Belt. Exploration plans are currently being developed for this property.

Nor Property, Yukon

The Nor IOCG (iron oxide-copper-gold) property is located on the east flank of the Richardson Mountains, about 65 km east of the Dempster Highway and 395 km north of Dawson City. During fiscal 2009 the Company earned a 100% interest in the property. The Company paid \$207,500 cash and issued 66,667 shares.

Certain claims are subject to a 2% NSR royalty. The Company has the right to purchase 50% of the NSR royalty retained by the Optionor 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. The Plan has been settled, however the area where the property is located appears to have been restricted to basic mining exploration activities. Management fully impaired the Nor Property during the year ended 2021 and recorded total impairment of \$368,345.

FINANCIAL SUMMARY

During the period ended September 30, 2021, the Company maintained ongoing expenses while pursuing private placement alternatives with acceptable terms. No exploration programs were carried out during the three-month period due to difficult market conditions and unfavorable exploration conditions due to fire activity near the Company's Regal property. Other operational expenses were in the normal course of operations for the Company and were minimized where possible to conserve working capital.

The Company expended \$4,537 on exploration related costs for the Regal Property. No exploration programs were undertaken on the property due to forest fire restrictions and risks related to equipment and personnel. General market conditions were also considered to be less favorable to raising the necessary capital to carry out a meaningful exploration program considering the practical risks. Other components of the Company's operations included business development and property investigation costs of \$40,747, consulting fees of \$90,000, office and miscellaneous expenses of \$1,222, professional fees of \$354, and transfer agent and filing fees of \$905. The Company received a GST refund in the amount of \$104,859 and as such, there was a net decrease in cash and cash equivalents of \$30,236 for the period ended September 30, 2021.

As the Company has no revenues, increased exploration activity and/or operations causes an increase in losses. Other losses can be caused by write-downs or write-offs of carrying value of impaired mineral assets.

RESULTS OF OPERATIONS

The net loss for the period ended September 30, 2021 was \$133,228 compared to a net loss of \$224,299 in the comparative period reflecting an overall decrease to net loss of \$91,701. Business development, including advertising and promotion decreased by \$76,602 due to significant promotional efforts in the previous period. Less legal assistance was required overall in the current period as compared to last resulting in a decrease of \$9,076. Transfer agent and filing fees also decreased by \$2,828 over the comparative period as did office and miscellaneous expense in the amount of \$2,565.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with September 30, 2021. Financial information is presented in Canadian dollars and is prepared in accordance with IFRS.

	Sept 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sept 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
Net income (loss)	(133,228)	(1,663,284)	(778,095)	(422,563)	(224,299)	(405,598)	(110,046)	(126,933)
Net income (loss) per share (Basic and diluted)	(0.002)	(0.040)	(0.003)	(0.009)	(0.005)	(0.013)	(0.003)	(0.004)

Discussion

The Company is an exploration company without revenues.

The operating results of junior exploration companies are capable of demonstrating wide variations from period to period and year to year due to variances in exploration expenditures and write-downs of mineral properties. Other than the descriptions regarding administrative costs already discussed, management of Affinity Metals does not believe that meaningful information about the Company's operations can be derived from an analysis of quarterly fluctuations in any more detail than presented herein.

A complete list of significant accounting policies can be found in the annual audited financial statements for the year ended June 30, 2021. All financial amounts are in Canadian dollars.

The unaudited financial statements for the period ended September 30, 2021 have been prepared on a going concern assumption which contemplates the Company will continue in operation and realize its assets and discharge its liabilities in the normal course of operations as disclosed in Note 1 of the unaudited financial statements.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2021, the Company held cash in the amount of \$67,410 compared to \$1,183,855 at September 30, 2021. Accounts payable and accrued liabilities of \$112,250 are comprised of normal trade payables for ongoing operations and accrued liabilities.

In that the Company has no revenues, additional cash will be required to continue funding its current property maintenance and administrative costs presumably within this fiscal year. The Company will also need to raise further funds should it decide to undertake future exploration programs and/or acquire additional exploration assets.

The Company periodically seeks additional financing through the issuance of equity. While the Company has been successful in raising capital in the past, there can be no assurance it will be able to do so in the future.

The Company has no material debt obligations, other than short-term liabilities incurred in normal activities. The Company has no long-term debt.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that would potentially affect current or future operations, or the financial condition of the Company.

TRANSACTIONS WITH RELATED PARTIES

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

Key management personnel compensation

	Period Ended	
	September 30, 2021	September 30, 2020
Consulting fees – accrued or paid to a company controlled by the CEO	\$ 45,000	\$ 45,000
Consulting fees – accrued or paid to a company controlled by the CFO	45,000	45,000
Consulting fees – accrued or paid to officers	\$ 90,000	\$ 90,000

Related party balances

Included in payables at September 30, 2021 is \$nil (2020 – \$42,510) owed to officers of the Company for accrued consulting fees (Note 5). These amounts are unsecured, non-interest bearing and due on demand.

PROPOSED TRANSACTIONS

The Company does not currently have any proposed transactions approved by the Board of Directors. All current transactions are fully disclosed in the unaudited financial statements for the period ended September 30, 2021.

ACCOUNTING POLICIES

Basis of preparation

A complete list of significant accounting policies can be found in Note 2 of the audited annual financial statements for the year ended June 30, 2021. 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.

The financial statements for Affinity Metals Corp. 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, 2021, 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.

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").

RISKS AND UNCERTAINTIES

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of properties will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies. There is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production. The following are some of the risks to the Company, recognizing that it may be exposed to other additional risks from time to time

- Limited business history of the Company, including lack of revenues and no assurance of profitability
- Dependence on key management personnel

- Reliance on availability and performance of independent contractors
- Challenges by other unknown parties to property title
- Environmental issues
- Federal and provincial political risk
- Commodity price risk
- Financial markets

The Company is diligent in minimizing exposure to business risk, but by the nature of its activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

SUBSEQUENT EVENTS

On November 9, 2021, the Company announced the repricing of previously issued common share purchase options under the Company's option incentive plan. A total of 1,000,000 common share purchase options were repriced from the original issue price of \$0.19 to the market price on the announcement date of \$0.11 per common share and a total of 1,140,000 common share purchase options were repriced from the original issue price of \$0.255 to the market price on the announcement date of \$0.11 per common share. As part of the repricing and included in the previous totals, the repricing of 1,690,000 common share purchase options held by insiders is subject to the approval of disinterested shareholders of the Company at the Company's next annual general meeting.

On November 15, 2021, the Company issued 250,000 common shares as the final payment related to the Regal Property option agreement.

OUTSTANDING SHARE CAPITAL

At November XX, 2021, the Company had the following number of securities outstanding:

Securities	Number	Exercise Price	Expiry Date
Common shares issued and outstanding	47,282,101	N/A	N/A
Warrants	6,000,000	0.15	September 17, 2022
Warrants	1,960,000	0.30	March 2, 2022
Warrants	612,300	0.30	March 24, 2022
Warrants	3,750,000	0.35	July 22, 2022
Warrants	4,605,137	0.33	July 22, 2022
Warrants	1,022,229	0.65	February 9, 2022
Finder's Warrants	62,222	0.65	February 9, 2022
Share purchase options	1,670,000	0.05	March 6, 2027
Share purchase options	425,000	0.06	November 15, 2027
Share purchase options	250,000	0.135	October 23, 2029
Share purchase options	1,000,000	0.19	October 23, 2029
Share purchase options	1,140,000	0.26	October 28, 2030
Fully diluted share Capital	69,778,989	N/A	N/A

ADDITIONAL INFORMATION

Additional information relating to the Company's news releases and filings can be found on the SEDAR website: www.sedar.com.

DISCLOSURE BY VENTURE ISSUER WITHOUT SIGNIFICANT REVENUE

An analysis of the material components of the Company's general and administrative expenses is disclosed in the unaudited financial statements for the period ended September 30, 2021 to which this MD&A relates. An analysis of the material components of the

acquisition and deferred exploration costs of the Company's mineral property is disclosed in Note 4 to the unaudited financial statements for the period ended September 30, 2021 to which this MD&A relates.

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com) No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.