

Affinity Metals Corp.
Condensed Interim Financial Statements
Nine Month Period Ended March 31, 2022
(Unaudited – prepared by Management)
(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 March 31, 2022 and June 30, 2021
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

| | Note | March 31, 2022 | June 30, 2021 |
|---|-------|---------------------|---------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | \$ 176,192 | \$ 97,646 |
| Marketable securities | 3 | 172,606 | 195,554 |
| GST receivables | | 5,742 | 109,620 |
| Prepaid expenses | | 42,208 | 57,393 |
| | | 396,748 | 460,213 |
| Non-current assets | | | |
| Exploration and evaluation assets | 4 | 1,872,198 | 2,050,096 |
| TOTAL ASSETS | | \$ 2,268,946 | \$ 2,510,309 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade payables and accrued liabilities | 5, 10 | \$ 17,701 | \$ 109,580 |
| Promissory notes payable | 6, 10 | 150,000 | |
| TOTAL LIABILITIES | | 167,701 | 109,580 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 8 | 19,880,191 | 19,758,460 |
| Reserves | 3, 9 | 3,670,901 | 3,693,849 |
| Deficit | | (21,449,847) | (21,051,580) |
| TOTAL SHAREHOLDERS' EQUITY | | 2,101,245 | 2,400,729 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | \$ 2,268,946 | \$ 2,510,309 |

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENT (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 March 31,
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

| | Notes | Three Months ended | | Nine Months ended | |
|--|-------|---------------------|---------------------|---------------------|---------------------|
| | | March 31, 2022 | March 31, 2021 | March 31, 2022 | March 31, 2021 |
| Expenses | | | | | |
| Business development and property investigation | | \$ 21,961 | \$ 15,337 | \$ 73,208 | \$ 156,056 |
| Consulting fees | 10 | 90,000 | 90,000 | 270,000 | 270,000 |
| Interest | 6 | 937 | - | 937 | - |
| Office and miscellaneous | | 8,117 | 18,896 | 21,220 | 34,811 |
| Professional fees | | 208 | 950 | 5,126 | 14,642 |
| Stock-based compensation | 9 | - | - | - | 292,803 |
| Transfer agent and filing fees | | 5,200 | 6,050 | 6,105 | 9,783 |
| | | (126,423) | (131,633) | (376,593) | (778,095) |
| Other income (loss) | | | | | |
| Loss on settlement of debt | 5 | (21,671) | - | (21,671) | - |
| Net income (loss) | | (148,094) | (131,633) | (398,267) | (778,095) |
| Other comprehensive income (loss) | | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | | |
| Unrealized gain (loss) on short-term investments | 4 | 7,470 | 16,000 | (22,948) | (20,000) |
| Total comprehensive income (loss) | | \$ (140,624) | \$ (115,233) | \$ (421,215) | \$ (798,095) |
| Loss per share - basic and diluted | | \$ 0.003 | \$ 0.003 | \$ 0.008 | \$ 0.017 |

Affinity Metals Corp.
Condensed Interim Statements of Changes in Equity
For the Periods Ended March 31,
(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, 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 | | - | - | - | - | - | (778,095) | (778,095) |
| Shares issued in private placement | 8 | 9,377,366 | 2,223,133 | - | - | - | - | 2,223,133 |
| Shares issued for warrants exercised | 8 | 1,000,000 | 183,266 | - | (33,266) | - | - | 150,000 |
| Shares issued for acquisition of exploration and evaluation assets | 5, 8 | 150,000 | 42,750 | - | - | - | - | 42,750 |
| Valuation options granted | 9 | - | - | 292,803 | - | - | - | 292,803 |
| Valuation of warrants issued | 9 | - | (348,714) | - | 348,714 | - | - | - |
| Share issuance costs | 8 | - | (59,308) | - | - | - | - | (59,308) |
| Unrealized gain on marketable securities | 4 | - | - | - | - | (20,000) | - | (20,000) |
| Balance at March 31, 2021 | | 47,032,101 | \$ 20,699,983 | \$ 1,557,858 | \$ 1,059,254 | \$ 176,000 | \$ (20,166,391) | \$3,326,704 |
| Balance at June 30, 2021 | | 47,032,101 | \$ 19,758,460 | \$ 1,557,858 | \$ 1,992,437 | \$ 143,554 | \$ (21,051,580) | \$2,400,729 |
| Net loss for the period | | - | - | - | - | - | (398,267) | (398,267) |
| Shares issued in debt settlement | 8 | 576,064 | 96,731 | - | - | - | - | 96,731 |
| Shares issued for acquisition of exploration and evaluation assets | 5, 8 | 250,000 | 25,000 | - | - | - | - | 25,000 |
| Valuation of warrants issued | 9 | - | - | - | - | - | - | - |
| Share issuance costs | 8 | - | - | - | - | - | - | - |
| Unrealized loss on marketable securities | 3 | - | - | - | - | (22,948) | - | (22,948) |
| Balance at March 31, 2022 | | 47,858,165 | \$ 19,880,191 | \$ 1,557,858 | \$ 1,992,437 | \$ 120,606 | \$ (21,449,847) | \$2,101,245 |

See accompanying notes to the unaudited financial statements

Affinity Metals Corp.
Condensed Interim Statements of Cash Flows
For the Periods Ended March 31, 2022 and 2021
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

| | Nine Months Ended | |
|--|-------------------|--------------------|
| | March 31, 2022 | March 31, 2021 |
| Operating activities | | |
| Net loss | \$ (398,267) | \$ (778,095) |
| Adjustments for: | | |
| Stock-based compensation | - | 292,803 |
| Changes in non-cash working capital items: | | |
| GST receivables | 103,878 | (93,535) |
| Prepaid expenses and deposits | 15,185 | (30,809) |
| Trade payables and accrued liabilities | 4,852 | (99,082) |
| Net cash flows used in operating activities | (274,352) | (708,718) |
| Investing activities | | |
| Exploration and Evaluation asset expenditures | (61,086) | (1,601,388) |
| Mining exploration tax credit received | 263,984 | |
| Net cash flows used in investing activities | 202,898 | (1,601,388) |
| Financing activities | | |
| Proceeds from sale of shares | - | 2,373,133 |
| Proceeds from promissory notes | 150,000 | - |
| Share issuance costs | - | (59,308) |
| Net cash flows from financing activities | 150,000 | 2,313,825 |
| Increase (decrease) in cash | 78,546 | 3,719 |
| Cash, beginning | 97,646 | 256,349 |
| Cash, ending | \$ 176,192 | \$ 260,068 |

Affinity Metals Corp.
Condensed Interim Notes to the Financial Statements
For the Period Ended March 31, 2022
(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 March 31, 2022, 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.

In March 2020, the World Health Organization declared coronavirus, specifically identified as “COVID-19” a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s ability to raise capital or conduct development activities.

2. Significant accounting policies and basis of presentation

The financial statements were authorized for issue on May 27, 2022 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 audited financial statements of the Company for the year ended June 30, 2021. The effects of the adoption of new and amended IFRS pronouncements have been disclosed in Note 3 of the most recent annual audited 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, 2021.

Affinity Metals Corp.
Condensed Interim Notes to the Financial Statements
For the Period Ended March 31, 2022
(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. Investment in Marketable securities

As at March 31, 2022, the Company holds 800,000 (2021 – 800,000) common shares of American Creek Resources Ltd. (“American Creek Shares”) carried at fair value of \$164,000 (2021: \$172,000) and 90,592 (2021 – 90,592) common shares of Stinger Resources Inc. carried at fair value of \$8,606 (2021 – \$23,554). The total unrealized loss on marketable securities for the period ended March 31, 2022 is \$22,948 (2021 – 52,446) which is recorded in other comprehensive loss.

4. Exploration and evaluation assets

| | Balance March 31, 2022 | Current Expenditures (Impairment) | Balance June 30, 2021 | 2020 Expenditures | Balance June 30, 2020 |
|---|------------------------------|---|-----------------------------|----------------------|-----------------------------|
| Nor Property, Yukon | | | | | |
| Property acquisition costs | \$ 422,080 | \$ - | \$ 422,080 | \$ - | \$ 422,080 |
| Impairment | (422,080) | - | (422,080) | (299,405) | (122,675) |
| | - | - | - | (299,405) | 299,405 |
| Exploration and evaluation costs | | | | | |
| Accommodation and meals | 342,891 | - | 342,891 | - | 342,891 |
| 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 | (4,333,600) | - | (4,333,600) | (68,940) | (4,264,660) |
| | - | - | - | (68,940) | 68,940 |
| Total Nor Property, Yukon | - | - | - | (368,345) | 368,345 |

Affinity Metals Corp.
Condensed Interim Notes to the Financial Statements
For the Period Ended March 31, 2022
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

4. Exploration and evaluation assets (continued)

| | Balance March 31, 2022 | Current Expenditures (Impairment) | Balance June 30, 2021 | 2020 Expenditures | Balance June 30, 2020 |
|--|------------------------------|---|-----------------------------|----------------------|-----------------------------|
| Regal Property, BC | | | | | |
| Property acquisition costs | 188,500 | 65,000 | 123,500 | 72,750 | 50,750 |
| Exploration and evaluation costs | | | | | |
| Accommodation and meals | 36,808 | - | 36,808 | 19,075 | 17,733 |
| Assays | 36,993 | 539 | 36,454 | 18,996 | 17,458 |
| Diamond drilling | 934,931 | - | 934,931 | 707,901 | 227,030 |
| Equipment rental | 8,555 | - | 8,555 | 1,455 | 7,100 |
| Fuel | 7,248 | - | 7,248 | 3,914 | 3,334 |
| Geologist | 119,098 | 7,497 | 111,601 | 67,452 | 44,149 |
| Helicopter | 708,040 | - | 708,040 | 454,898 | 253,142 |
| Licenses and permitting | 21,646 | - | 21,646 | 350 | 21,296 |
| Mining Exploration Tax Credit | (457,294) | (263,984) | (193,310) | (193,310) | - |
| Property Bond | 22,000 | - | 22,000 | 22,000 | - |
| Prospecting | 120,384 | 2,250 | 118,134 | 46,600 | 71,534 |
| Reporting costs | 5,540 | - | 5,540 | - | 5,540 |
| Staking costs | 3,658 | - | 3,658 | 71 | 3,587 |
| Supplies and miscellaneous | 70,145 | 10,800 | 59,345 | 17,190 | 42,155 |
| Support wages | 23,087 | - | 23,087 | 22,975 | 112 |
| Travel and transport | 2,412 | - | 2,412 | 420 | 1,992 |
| | 1,663,251 | (242,898) | 1,906,149 | 1,189,987 | 716,162 |
| Total Regal Property, BC | 1,851,751 | (177,898) | 2,029,649 | 1,262,737 | 766,912 |
| Windfall North Property, QC | | | | | |
| Property acquisition costs | 20,447 | - | 20,447 | 20,447 | - |
| Total Windfall North Property, QC | 20,447 | - | 20,447 | 20,447 | - |
| Carscallen Extension Property | | | | | |
| Property acquisition costs | 30,000 | - | 30,000 | 30,000 | - |
| Impairment | (30,000) | - | (30,000) | (30,000) | - |
| | - | - | - | - | - |
| Exploration and evaluation costs | | | | | |
| Assays | 11,167 | - | 11,167 | 11,167 | - |
| Diamond drilling | 257,563 | - | 257,563 | 257,563 | - |
| Geologist | 21,871 | - | 21,871 | 21,871 | - |
| Support wages and contracts | 46,586 | - | 46,586 | 46,586 | - |
| Impairment | (337,187) | - | (337,187) | (337,187) | - |
| | - | - | - | - | - |
| Total Carscallen Extension Property | - | - | - | - | - |
| Total | \$ 1,872,198 | \$ (177,898) | \$ 2,050,096 | \$ 914,839 | \$ 1,135,257 |

Affinity Metals Corp.
Condensed Interim Notes to the Financial Statements
For the Period Ended March 31, 2022
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

4. 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. The Plan has restricted the Company from exploration activities. The Plan has been settled, however the area where the Nor Property is located is not yet finalized, with respect to mining activities. Management fully impaired the Nor Property during the year ended 2021 and recorded total impairment of \$368,345.

(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 with a fair value of \$4,750) 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 (paid during the year ended June 30, 2021) and 150,000 (issued during the year ended June 30, 2021) (Note 8) shares to be issued to the vendor on the third anniversary of the agreement; and
- iv) \$40,000 cash payment (paid in the second quarter 2022) and 250,000 shares (issued during the second quarter 2022) 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%.

(c) Windfall North, Quebec

During 2021, the Company acquired, through staking, 100% interest in the Windfall North Property located in the province of Quebec. The Company incurred \$20,447 in property acquisition cost in the year ended June 30, 2021.

(d) Carscallen Extension, Ontario

In 2021, the Company entered into an option agreement to acquire up to 100% interest in the Carscallen Extension Property located west of Timmons, Ontario. The Company paid \$30,000 in acquisition costs and incurred \$337,187 in exploration expenses as part of an agreement to acquire the property. Before the end of 2021 the Company withdrew from the agreement and recorded total impairment costs of \$367,187.

Affinity Metals Corp.
Condensed Interim Notes to the Financial Statements
For the Period Ended March 31, 2022
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

5. Accounts Payables and Accrued Liabilities

| | March 31, 2021 | June 30, 2021 |
|---------------------|---------------------------|--------------------------|
| Trade payables | \$ 16,764 | \$ 94,580 |
| Accrued liabilities | 937 | 15,000 |
| | \$ 17,701 | \$ 109,580 |

The Company entered into a consulting agreements with third parties (the “Consultants”) during the year ended June 30, 2020. The accrued value of the services was \$75,060 payable with common shares of the Company at the market price.

The Consultant completed services during the year ended June 30, 2020 and the Company issued a total of 576,064 at deemed prices ranging from \$0.09 to \$0.325 to settle the accrued obligations. When the shares were actually issued, a loss on the settlement of debt arose in the amount of \$21,671 as the price on the date the shares were issued had increased over the deemed prices in the contracts.

6. Promissory notes payable

A promissory note totaling \$150,000 (2021 - \$nil) is payable to a Company controlled by a director of the Company (Note 10). The promissory notes bear interest at the rate of 2.5% per annum, calculated monthly and compounded yearly payable when the notes become due. The interest rate was fixed until the maturity date of the promissory note. The notes are due February 8, 2023.

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 March 31, 2022 there were 47,608,165 (2021 – 47,032,101) issued and fully paid common shares.

Common shares

Issued during the nine months ended March 31, 2022:

On November 15, 2022, the Company issued 250,000 common shares at a price of \$0.10 per share for the last payment under the Regal property agreement.

On January 25, 2022, the Company issued 336,064 common shares at a price of \$0.17 per share to settle debt.

On February 4, 2022, the Company issued 240,000 commons shares at a price of \$0.165 per share to settle debt.

Affinity Metals Corp.
Condensed Interim Notes to the Financial Statements
For the Period Ended March 31, 2022
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

8. Share capital (continued)

Issued during the year ended June 30, 2021:

On July 23, 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 23, 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 10, 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-flow-through, 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.

On November 16, 2020, the company issued 150,000 shares under an agreement to acquire exploration and evaluation assets. The shares were issued for a fair value of \$42,750 (Note 5).

On November 20, 2020, the Company issued 1,000,000 common shares for the exercise of common share purchase warrants at \$0.15 per common share.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the nine-month period ended March 31, 2022 was based on the net loss attributable to common shareholders of \$398,267 (2021 – \$778,095) and the weighted average number of common shares outstanding of 47,284,087 (2021 – 47,032,101).

Diluted loss per share did not include the effect of 4,485,000 stock options or 16,927,437 warrants as the effect would be anti-dilutive.

Warrants

Granted during the period ended March 31, 2022:

No warrants were granted for the nine-month period ended March 31, 2022.

On February 24, 2022 the Company extended the exercise term of certain outstanding warrants to purchase an aggregate of 2,572,300 common shares of the Company, 625,000 of which are beneficially held by a director of the Company. 1,960,000 of these warrants were originally issued on March 2, 2020 and are exercisable at a price of \$0.30/share until March 2, 2022. 612,300 of these warrants were originally issued on March 24, 2020 and are exercisable at a price of \$0.30/share until March 24, 2022. The Company proposes to extend the term of the warrants such that they all will now expire on March 24, 2023 at an exercise price of \$0.30/share. All other terms of the warrants will remain unchanged.

Granted during the year ended June 30, 2021:

On July 23, 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.

Affinity Metals Corp.
Condensed Interim Notes to the Financial Statements
For the Period Ended March 31, 2022
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

8. Share capital (continued)

On July 23, 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 10, 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. As well, 62,222 finder's warrants were granted. Each full finder's warrants 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.

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

| | March 31, 2022 | | June 30, 2021 | |
|---------------------------------|--------------------|---------------------------------|--------------------|---------------------------------|
| | Number of warrants | Weighted average exercise price | Number of warrants | Weighted average exercise price |
| Warrants outstanding, beginning | 18,011,888 | \$ 0.29 | 9,572,300 | \$ 0.19 |
| Warrants issued | - | - | 9,439,588 | 0.38 |
| Warrants exercised | - | - | (1,000,000) | 0.15 |
| Warrants expired | (1,084,451) | 0.65 | - | - |
| Warrants outstanding, ending | 16,927,437 | \$ 0.27 | 18,011,888 | \$ 0.29 |
| Warrants exercisable, ending | 16,927,437 | \$ 0.27 | 18,011,888 | \$ 0.29 |

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.

Granted during the period ended March 31, 2022:

No options were granted for the nine-month period ended March 31, 2022.

On November 9, 2021, the 1,000,000 incentive stock options were repriced from \$0.255 to \$0.11 per common share.

Affinity Metals Corp.
Condensed Interim Notes to the Financial Statements
For the Period Ended March 31, 2022
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

8. Share capital (continued)

Granted during the year ended June 30, 2021:

On October 29, 2020, the Company granted 1,140,000 stock options to directors, officers, 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 \$0.26. The options vested immediately.

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

| | March 31, 2022 | | June 30, 2021 | |
|--------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Options outstanding, beginning | 4,485,000 | \$ 0.14 | 3,345,000 | \$ 0.10 |
| Options granted | - | - | 1,140,000 | 0.26 |
| Options expired | - | - | - | - |
| Options cancelled | - | - | - | - |
| Options outstanding, ending | 4,485,000 | \$ 0.08 | 4,485,000 | \$ 0.14 |
| Options exercisable, ending | 4,485,000 | \$ 0.08 | 4,485,000 | \$ 0.14 |

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.

Granted during the period ended March 31, 2022:

No warrants were granted during the nine-month period ended March 31, 2022.

Granted during the year ended June 30, 2021:

On July 23, 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 \$0.35. The fair value of the common share purchase warrants was determined to be \$473,695 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 155% volatility, a risk free interest rate of 0.23%, and a term of 2 years.

On July 23, 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 \$0.33. The fair value of the common share purchase warrants was determined to be \$619,462 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 155% volatility, a risk free interest rate of 0.23%, and a term of 2 years.

On August 10, 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 \$0.65. The fair value of the common share purchase warrants was determined to be \$171,573 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 160% volatility, a risk free interest rate of 0.23%, and a term of 1.5 years. As well, 62,222 finder's warrants were issued (Note 8). Each finder's warrants may be exercised for a period

Affinity Metals Corp.
 Condensed Interim Notes to the Financial Statements
 For the Period Ended March 31, 2022
 (Unaudited – prepared by Management)
 (Expressed in Canadian Dollars)

9. Reserves (continued)

of 18 months from the closing date of the private placement at a price of \$0.65. The fair value of the finder's warrants was determined to be \$17,166 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 155% volatility, risk free interest rate of 0.23%, and a term of 1.5 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 March 31, 2022, the Company:

Granted no options during the nine-month period ended March 31, 2022.

During the year ended June 30, 2021, the Company:

Granted 1,140,000 options to purchase common shares to officers, 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 \$0.26. The options vested upon grant. The fair value of the common share purchase options was determined to be \$292,803 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 160% volatility, a risk free interest rate of 0.63%, \$0.26 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.

Key management personnel compensation

| | Period Ended | |
|--|-------------------|-------------------|
| | March 31, 2022 | March 31, 2022 |
| 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 |

A promissory note totaling \$150,000 (2021 - \$nil) is payable to a Company controlled by a director of the Company (Note 6). Interest accrued during the nine-month period ended March 31, 2022 was \$937.

11. Segmented information

Operating segments

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

Affinity Metals Corp.
Condensed Interim Notes to the Financial Statements
For the Period Ended March 31, 2022
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

11. Segmented information (continued)

Geographic segments

All of the Company's assets are located in Canada.