

Affinity Metals Corp.
Financial Statements
Nine-Month Period Ended March 31, 2023
(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 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, 2023 and June 30, 2022
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Note	March 31, 2023	June 30, 2022
ASSETS			
Current assets			
Cash and cash equivalents		\$ 247,266	\$ 68,547
Marketable securities	3, 10	136,530	116,530
GST receivable		11,255	5,375
Prepaid expenses		428	429
		395,479	190,881
Non-current assets			
Exploration and evaluation assets	4	1,886,598	1,875,798
TOTAL ASSETS		\$ 2,282,077	\$ 2,066,679
LIABILITIES			
Current Liabilities			
Trade payables and accrued liabilities	5, 10	\$ 356,293	\$ 42,199
Promissory note payable	6, 10	143,348	140,535
TOTAL LIABILITIES		499,641	182,734
SHAREHOLDERS' EQUITY			
Share capital	8	19,942,418	19,871,122
Reserves	8	3,790,984	3,632,280
Deficit		(21,950,966)	(21,619,457)
TOTAL SHAREHOLDERS' EQUITY		1,782,436	1,883,945
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 2,282,077	\$ 2,066,679

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

Approved on Behalf of the Board:

/s/ "Robert Edwards"

Robert Edwards, Director

/s/ "Darren Blaney"

Darren Blaney, Director

Affinity Metals Corp.
Condensed Interim Statements of Loss and Comprehensive Loss
For the Periods Ended March 31, 2023 and 2022
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Notes	Three Months ended		Nine Months ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Expenses					
Business development and property investigation		\$ 8,925	\$ 21,961	\$ 27,225	\$ 73,208
Consulting fees	10	90,000	90,000	270,000	270,000
Interest	6	937	937	2,812	937
Office and miscellaneous		3,609	8,117	14,191	21,220
Professional fees		-	208	7,469	5,126
Transfer agent and filing fees		7,411	5,200	9,812	6,105
		(110,882)	(126,423)	(331,509)	(376,593)
Other income (loss)					
Loss on settlement of debt	5	-	(21,671)	-	(21,671)
Net income (loss)		(110,882)	(148,094)	(331,509)	(398,267)
Other comprehensive income (loss)					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Unrealized gain (loss) on short-term investments	4	27,547	7,470	20,000	(22,948)
Total comprehensive income (loss)		\$ (8,335)	\$ (140,624)	\$ (311,509)	\$ (421,215)
Loss per share - basic and diluted		\$ 0.002	\$ 0.003	\$ 0.006	\$ 0.008

Affinity Metals Corp.
Statements of Changes in Equity
For the Periods Ended March 31, 2023 and 2022
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Note	Share Capital		Reserves					Deficit	Total
		Number of shares	Amount	Stock option reserve	Warrant reserve	Debt discount reserve	Investment revaluation reserve			
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	
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	
Balance at June 30, 2022		47,858,165	\$ 19,871,122	\$ 1,557,858	\$ 1,992,437	\$17,455	\$ 64,530	\$(21,619,457)	\$1,883,945	
Net loss for the period		-	-	-	-	-	-	(331,509)	(331,509)	
Shares issued in private placement	8	6,000,000	210,000	-	-	-	-	-	210,000	
Warrant value		-	(138,704)	-	138,704	-	-	-	-	
Unrealized loss on marketable securities	3	-	-	-	-	-	20,000	-	20,000	
Balance at March 31, 2023		47,858,165	\$ 19,942,418	\$ 1,557,858	\$ 2,131,141	\$17,455	\$ 84,530	\$(21,950,966)	\$1,782,436	

Affinity Metals Corp.
Statements of Cash Flows
For the Periods Ended March 31, 2023 and 2022
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Nine Months Ended	
	March 31, 2023	March 31, 2022
Operating activities		
Net loss	\$ (331,509)	\$ (398,267)
Adjustments for:		
Changes in non-cash working capital items:		
GST receivables	(5,880)	103,878
Prepaid expenses and deposits	1	15,185
Trade payables and accrued liabilities	316,907	4,852
Net cash flows used in operating activities	(20,481)	(274,352)
Investing activities		
Exploration and Evaluation asset expenditures	(10,800)	(61,086)
Mining exploration tax credit received	-	263,984
Net cash flows used in investing activities	(10,800)	202,898
Financing activities		
Proceeds from sale of shares	210,000	-
Proceeds from promissory notes	-	150,000
Net cash flows from financing activities	210,000	150,000
Increase (decrease) in cash	178,719	78,546
Cash, beginning	68,547	97,646
Cash, ending	\$ 247,266	\$ 176,192

Affinity Metals Corp.
Condensed Interim Notes to the Financial Statements
For the Periods Ended March 31, 2023 and 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, 2023, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These conditions raise significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares.

2. Significant accounting policies and basis of presentation

The financial statements were authorized for issue on May 26, 2023 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, 2022. 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, 2022.

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.

Affinity Metals Corp.
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For the Periods Ended March 31, 2023 and 2022
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3. Investment in Marketable securities

As at March 31, 2023, the Company holds 800,000 (June 30, 2022 – 800,000) common shares of American Creek Resources Ltd. (“American Creek Shares”) at fair value of \$132,000 (June 30, 2022: \$112,000) and 90,592 (June 30, 2022 – 90,592) common shares of Stinger Resources Inc. at fair value of \$4,530 (June 30, 2022 – \$4,530). The total unrealized loss on marketable securities for the period ended March 31, 2023 is \$20,000 (2022 - \$22,948) which is recorded in other comprehensive loss. American Creek Resources Ltd. and the Company has directors in common (Note 10).

4. Exploration and evaluation assets

	Balance March 31, 2023	Current Expenditures (Impairment)	Balance June 30, 2022	2021 Expenditures	Balance June 30, 2021
Regal Property, BC					
Property acquisition costs	188,500	-	188,500	65,000	123,500
Exploration and evaluation costs					
Accommodation and meals	36,808	-	36,808	-	36,808
Assays	36,993	-	36,993	539	36,454
Diamond drilling	934,931	-	934,931	-	934,931
Equipment rental	8,555	-	8,555	-	8,555
Fuel	7,248	-	7,248	-	7,248
Geologist	119,098	-	119,098	7,497	111,601
Helicopter	708,040	-	708,040	-	708,040
Licenses and permitting	21,646	-	21,646	-	21,646
Mining Exploration Tax Credit	(457,294)	-	(457,294)	(263,984)	(193,310)
Property Bond	22,000	-	22,000	-	22,000
Prospecting	120,384	-	120,384	2,250	118,134
Reporting costs	5,540	-	5,540	-	5,540
Staking costs	3,658	-	3,658	-	3,658
Supplies and Miscellaneous	84,545	10,800	73,745	14,400	59,345
Support wages	23,087	-	23,087	-	23,087
Travel and transport	2,412	-	2,412	-	2,412
	1,677,651	7,200	1,666,851	(239,298)	1,906,149
Total Regal Property, BC	1,866,151	7,200	1,855,351	(174,298)	2,029,649
Windfall North Property, QC					
Property acquisition costs	20,447	-	20,447	-	20,447
Total Windfall North Property, QC	20,447	-	20,447	-	20,447
Total exploration and evaluation assets	\$ 1,886,598	\$ 7,200	\$ 1,875,798	\$ (174,298)	\$ 2,050,096

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

(a) 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.

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4. Exploration and evaluation assets (continued)

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

All payments under the agreement have been met and the Company now holds 100% interest in the Regal Property.

(b) Windfall North, Quebec

During 2021, the Company acquired, through staking, 100% interest in the Windfall North Property located in the province of Quebec.

5. Accounts payables and accrued liabilities

	March 31, 2023	June 30, 2022
Trade payables	\$ 346,135	\$ 27,199
Accrued liabilities	10,158	15,000
	\$ 356,293	\$ 42,199

Included in trade payables and accrued liabilities at March 31, 2023 is \$283,500 (June 30, 2022 - \$Nil) owed to companies owned by officers of the Company for accrued consulting fees (Note 10).

6. Promissory notes payable

A promissory note totaling \$150,000 is payable to a company controlled by a director of the Company (Note 10). The interest rate of 2.5% is fixed until the maturity date of the promissory note. The note is due February 8, 2023, however the Company is negotiating extended terms. The Company estimated that the market interest rate for a similar loan is 16% and recognized at the inception \$17,455 in the debt discount reserve as discount of the promissory note. The carrying value of the promissory note payable was then carried at amortized costs. The carrying value of the promissory note payable as at March 31, 2023 was \$141,473 and the interest expenses recognized were \$2,812 (2022 - \$937).

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, 2023 there were 53,858,165 (June 30, 2022 – 47,032,101) issued and fully paid common shares.

Common shares

Issued during the nine-month period ended March 31, 2023

On March 30, 2023 the Company issued 6,000,000 common shares in a non-brokered private placement at a price of \$0.035 per unit for gross proceeds of \$210,000. Each unit consisted of one common share of the

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8. Share capital (continued)

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 \$0.05 per share.

Issued during the year ended June 30, 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. The fair value of the shares was \$25,000 (Note 4).

On January 25, 2022, the Company issued 336,064 common shares with fair value of \$49,561 per share to settle debt.

On February 4, 2022, the Company issued 240,000 common shares with fair value of \$38,101 per share to settle debt.

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the period ended March 31, 2023 was based on the net loss attributable to common shareholders of \$331,509 (2022 – \$398,267) and the weighted average number of common shares outstanding of 47,880,063 (2022 – 47,284,087).

Diluted loss per share did not include the effect of 4,085,000 stock options or 6,000,000 warrants as the effect would be anti-dilutive.

Warrants

Granted during the period ended March 31, 2023:

On March 30, 2023, 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 \$0.05 per share.

Granted during the year ended June 30, 2022:

No warrants were granted for the year ended June 30, 2022.

On August 26, 2021 the Company extended the exercise term of certain outstanding warrants to purchase an aggregate of 6,000,000 common shares of the Company originally issued on September 17, 2019 exercisable at exercise price of \$0.15/share until September 17, 2021. The Company extended the terms of the warrants such that they all expired on September 17, 2022. All other terms of the warrants remained unchanged.

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 extended the terms of the warrants such that they all will now expire on March 24, 2023. All other terms of the warrants will remain unchanged.

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8. Share capital (continued)

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

	March 31, 2023		June 30, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	16,927,437	\$ 0.27	18,011,888	\$ 0.29
Warrants issued	6,000,000	0.05	-	-
Warrants exercised	-	-	-	-
Warrants expired	(16,927,437)	0.27	(1,084,451)	0.65
Warrants outstanding, ending	6,000,000	\$ 0.05	16,927,437	\$ 0.27
Warrants exercisable, ending	6,000,000	\$ 0.05	16,927,437	\$ 0.27

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, 2023:

No options were granted for the period ended March 31, 2023.

Granted during the year ended June 30, 2022:

No options were granted for the year ended June 30, 2022.

On November 9, 2021, the 1,000,000 incentive stock options issued during the year ended June 30, 2020 were repriced from \$.0.19 to \$0.11 per common share and 1,140,000 issued during the year ended June 30, 2021 were repriced from \$0.255 to \$0.11 per common share. No additional share-based compensation was recognized due to the nominal effect of the repricing.

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8. Share capital (continued)

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

	March 31, 2023		June 30, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	4,085,000	\$ 0.08	4,485,000	\$ 0.14
Options granted	-	-	-	-
Options expired	-	-	(400,000)	0.13
Options cancelled	-	-	-	-
Options outstanding, ending	4,085,000	\$ 0.08	4,085,000	\$ 0.08
Options exercisable, ending	4,085,000	\$ 0.08	4,085,000	\$ 0.08

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, 2023:

On March 30, 2023, 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 \$0.05. The fair value of the common share purchase warrants was determined to be \$138,704 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 53% volatility, a risk free interest rate of 3.65%, and a term of 2 years.

Granted during the year ended June 30, 2022:

No warrants were granted during the period ended June 30, 2022.

Stock option reserve

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

Investment revaluation reserve

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

Debt discount reserve

The debt discount reserve records the discount amount of the promissory payable at inception date based on the market interest rate estimated by the Company (Note 6).

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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	
	March 31, 2023	March 31, 2022
Accrued Interest expense – Company controlled by director (Note 6)	\$ 2,812	\$ 937

Key management personnel compensation

	Period Ended	
	March 31, 2023	March 31, 2022
Consulting fees – accrued or paid to a company controlled by the CEO	\$ 90,000	\$ 90,000
Consulting fees – accrued or paid to a company controlled by the CFO	90,000	90,000
Consulting fees – accrued or paid to officers	\$ 180,000	\$ 180,000

Included in trade payables and accrued liabilities at March 31, 2023 is \$283,500 (2022 - \$Nil) owed to companies owned by officers of the Company for accrued consulting fees (Note 5).

A promissory note totaling \$150,000 at the rate of 2.5% per annum maturing on February 8, 2023 is due to a company controlled by a director of the Company (Note 6).

As at March 31, 2023, the Company holds 800,000 (2022 – 800,000) common shares of American Creek Resources Ltd. and 90,592 (2022 – 90,592) common shares of Stinger Resources Inc., companies with common directors (Note 3).

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 March 31, 2023 all of the Company's assets are located in Canada.