

Affinity Metals Corp.
Financial Statements
Three-Month Period Ended September 30, 2023
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

Affinity Metals Corp.
 Statements of Financial Position
 As at September 30 and June 30, 2023
 (Unaudited – prepared by management)
 (Expressed in Canadian Dollars)

	Note	September 30, 2023	June 30, 2023
ASSETS			
Current assets			
Cash and cash equivalents		\$ 96,989	\$ 104,239
Marketable securities	3, 10	99,624	124,077
GST receivable		5,506	4,880
Prepaid expenses		429	429
		202,548	233,625
Non-current assets			
Exploration and evaluation assets	4	1,886,224	1,890,198
TOTAL ASSETS		\$ 2,088,772	\$ 2,123,823
LIABILITIES			
Current Liabilities			
Trade payables and accrued liabilities	5, 10	\$ 456,193	\$ 367,435
Non-current liabilities			
Promissory note payable	6, 10	122,390	121,077
TOTAL LIABILITIES		578,583	488,512
SHAREHOLDERS' EQUITY			
Share capital	8	19,989,948	19,989,948
Reserves	8	3,746,319	3,770,769
Deficit		(22,226,075)	(22,125,406)
TOTAL SHAREHOLDERS' EQUITY		1,510,192	1,635,311
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 2,088,775	\$ 2,123,823

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.
 Statements of Loss and Comprehensive Loss
 For the Periods Ended September 30,
 (Unaudited – prepared by management)
 (Expressed in Canadian Dollars)

	Note	Three-months ended	
		September 30, 2023	September 30, 2022
Expenses			
Business development and property investigation		\$ (6,899)	\$ 12,100
Consulting fees	10	90,000	90,000
Interests	6, 10	1,312	938
Office and miscellaneous		12,781	1,330
Professional fees		2,575	25
Transfer agent and filing fees		900	901
Net loss		(100,669)	(105,294)
Other comprehensive income (loss)			
Unrealized (loss) gain on short-term investments	3	(24,450)	(6,507)
Total comprehensive loss		\$ (125,119)	\$ (111,801)
Weighted average number of outstanding shares		53,858,165	47,858,165
Loss per share - basic and diluted		\$ (0.00)	\$ (0.00)

Affinity Metals Corp.
Statements of Changes in Equity
For the Three-month Periods Ended September 30, 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, 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 year		-	-	-	-	-	-	(105,294)	(105,294)	
Unrealized loss on marketable securities	3	-	-	-	-	-	(6,507)	-	(6,507)	
Balance at September 30, 2022		47,858,165	\$ 19,871,122	1,557,858	1,992,437	17,455	58,023	(21,724,751)	1,772,144	
Balance at June 30, 2023		53,858,165	\$ 19,989,948	\$ 1,557,858	\$ 2,083,611	\$57,223	\$ 72,077	\$ (22,125,406)	\$1,635,311	
Net loss for the year		-	-	-	-	-	-	(100,669)	(100,669)	
Unrealized gain on marketable securities	3	-	-	-	-	-	(24,450)	-	(24,450)	
Balance at September 30, 2023		53,858,165	\$ 19,989,948	\$ 1,557,858	\$ 2,083,611	\$57,223	\$ 47,627	\$(22,226,075)	\$1,510,192	

See accompanying notes to the financial statements

Affinity Metals Corp.
Statements of Cash Flows
For the Periods Ended September 30, 2023 and 2022
(Unaudited – prepared by management)
(Expressed in Canadian Dollars)

	Three Months Ended	
	September 30, 2023	September 30, 2022
Operating activities		
Net loss	\$ (100,669)	\$ (105,294)
Adjustments for:		
Interest	1,312	938
Changes in non-cash working capital items:		
GST receivable	(626)	169
Prepaid expenses and deposits	-	-
Trade Payables	88,758	100,873
Net cash flows used in operating activities	(11,225)	(3,314)
Investing activities		
Exploration and Evaluation asset expenditures	(3,600)	(3,600)
Mining exploration tax credit received	7,574	-
Net cash flows from (used in) investing activities	3,974	(3,600)
Decrease in cash and cash equivalents	(7,251)	(6,914)
Cash and cash equivalents, beginning	104,239	68,547
Cash and cash equivalents, ending	\$ 96,988	\$ 61,633

Affinity Metals Corp.
Notes to the Financial Statements
For the Three-month Period Ended September 30, 2023
(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, 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. As at September 30, 2023, the Company had a working capital deficiency of \$253,645 and accumulated deficit of \$22,226,075. These conditions raise significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares.

2. Significant accounting policies and basis of presentation

The financial statements were authorized for issue on November 28, 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, 2023. 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, 2023.

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.
Notes to the Financial Statements
For the Three-month Period Ended September 30, 2023
(Expressed in Canadian Dollars)

3. Investment in Marketable securities

As at September 30, 2023, the Company holds 800,000 (June 30, 2023 – 800,000) common shares of American Creek Resources Ltd. (“American Creek Shares”) at fair value of \$96,000 (June 30, 2023: \$120,000) and 90,592 (June 30, 2023 – 90,592) common shares of Stinger Resources Inc. at fair value of \$3,624 (June 30, 2023 – \$4,077). The total unrealized loss on marketable securities for the three-month period ended September 30, 2023 is \$24,450 (2022 - \$7,547 gain) which is recorded in other comprehensive income (loss). American Creek Resources Ltd., Stinger Resources Inc. and the Company has directors in common (Note 10).

4. Exploration and evaluation assets

	Balance September 30, 2023	Current Expenditures (Impairment)	Balance June 30, 2023	2023 Expenditures	Balance June 30, 2022
Regal Property, BC					
Property acquisition costs	\$ 188,500	\$ -	\$ 188,500	\$ -	\$ 188,500
Exploration and evaluation costs					
Accommodation and meals	36,808	-	36,808	-	36,808
Assays	36,993	-	36,993	-	36,993
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	-	119,098
Helicopter	708,040	-	708,040	-	708,040
Licenses and permitting	21,646	-	21,646	-	21,646
Mining Exploration Tax Credit	(464,868)	(7,574)	(457,294)	-	(457,294)
Property Bond	22,000	-	22,000	-	22,000
Prospecting	120,384	-	120,384	-	120,384
Reporting costs	5,540	-	5,540	-	5,540
Staking costs	3,658	-	3,658	-	3,658
Supplies and Miscellaneous	91,745	3,600	88,145	14,400	73,745
Support wages	23,087	-	23,087	-	23,087
Travel and transport	2,412	-	2,412	-	2,412
	1,677,277	(3,974)	1,681,251	14,400	1,666,851
Total Regal Property, BC	1,865,777	(3,974)	1,869,751	14,400	1,855,351
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	\$ 1,886,224	\$ (3,974)	\$ 1,890,198	\$ 14,400	\$ 1,875,798

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. 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:

Affinity Metals Corp.
Notes to the Financial Statements
For the Three-month Period Ended September 30, 2023
(Expressed in Canadian Dollars)

4. Exploration and evaluation assets (continued)

- 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) with a fair value of \$8,000 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), with a fair value of \$42,750 shares to be issued to the vendor on the third anniversary of the agreement; and
- iv) \$40,000 cash payment (paid during the year ended June 30, 2022) and 250,000 (issued during the year ended June 30, 2022) (Note 10).

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

	September 30, 2023	June 30, 2023
Trade payables	\$ 402,113	\$ 313,355
Accrued liabilities	54,080	54,080
	\$ 456,193	\$ 367,435

Included in trade payables and accrued liabilities at September 30, 2023 is \$372,500 (June 30, 2023 - \$278,000) 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% was fixed until the maturity date of February 8, 2023. 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 Promissory note agreement was amended on February 8, 2023 extending the maturity date to June 30, 2025 and the fixed interest rate to 3.5%. The amendment was accounted for as extinguishment of debt and discount of \$39,768 was recorded in the equity reserve.

The carrying value of the promissory note payable as at September 30, 2023 was \$122,390 (2023: \$121,077) and the interest expense recognized during the three-months ended September 30, 2023 was \$1,312 (2022 - \$938).

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.

Affinity Metals Corp.
Notes to the Financial Statements
For the Three-month Period Ended September 30, 2023
(Expressed in Canadian Dollars)

8. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At September 30, 2023 there were 53,858,165 (June 30, 2023 – 53,858,165) issued and fully paid common shares.

Common shares

Issued during the period ended September 30, 2023

No common shares were issued for the three-month period ended September 30, 2023.

Issued during the year ended June 30, 2023

On March 30, 2023 the Company issued 6,000,000 units 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 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. The fair value of the warrants issued was \$91,174 (Note 8).

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended September 30, 2023 was based on the net loss attributable to common shareholders of \$100,669 (2022 – \$105,294) and the weighted average number of common shares outstanding of 49,370,494 (2022 – 47,858,165).

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 September 30, 2023:

No warrants were granted for the three-month period ended September 30, 2023.

Granted during the year ended June 30, 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.

Affinity Metals Corp.
Notes to the Financial Statements
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(Expressed in Canadian Dollars)

8. Share capital (continued)

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

	September 30, 2023		June 30, 2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	6,000,000	\$ 0.05	16,927,437	\$ 0.27
Warrants issued	-	-	6,000,000	0.05
Warrants exercised	-	-	-	-
Warrants expired	-	-	(16,927,437)	0.27
Warrants outstanding, ending	6,000,000	\$ 0.05	6,000,000	\$ 0.05
Warrants exercisable, ending	6,000,000	\$ 0.05	6,000,000	\$ 0.05

The weighted average remaining contractual life of the warrants outstanding as at September 30, 2023 is 1.50 years

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 September 30, 2023:

No options were granted for the period ended September 30, 2023.

Granted during the year ended June 30, 2023:

No options were granted for the year ended June 30, 2023.

Affinity Metals Corp.
Notes to the Financial Statements
For the Three-month Period Ended September 30, 2023
(Expressed in Canadian Dollars)

8. Share capital (continued)

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

	September 30, 2023		June 30, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	4,085,000	\$ 0.08	4,085,000	\$ 0.08
Options granted	-	-	-	-
Options expired	-	-	-	-
Options cancelled	(100,000)	0.11	-	-
Options outstanding, ending	3,985,000	\$ 0.08	4,085,000	\$ 0.08
Options exercisable, ending	3,985,000	\$ 0.08	4,085,000	\$ 0.08

The weighted average remaining contractual life of the option outstanding as at September 30, 2023 is 5.1 years

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 September 30, 2023:

No warrants were granted during the three -month period ended September 30, 2023.

Granted during the year ended June 30, 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 \$91,174 using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 118.3%% volatility, a risk free interest rate of 3.74%, 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.

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).

Affinity Metals Corp.
Notes to the Financial Statements
For the Three-month Period Ended September 30, 2023
(Expressed in Canadian Dollars)

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.

	Three-months ended	
	September 30, 2023	September 30, 2022
Accrued Interest expense – Company controlled by director (Note 6)	\$ 1,312	\$ 938

Key management personnel compensation

	Three-months ended	
	September 30, 2023	September 30, 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 September 30, 2023 is \$372,500 (June 30, 2023 - \$278,000) owed to companies owned by officers of the Company for accrued consulting fees (Note 5).

A promissory note originally totaling \$150,000 at the rate of 3.5% per annum maturing on June 30, 2025 is due to a company controlled by a director of the Company (Note 6).

As at September 30, 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 September 30, 2023 all of the Company's assets are located in Canada.