

Affinity Metals Corp.
Condensed Interim Financial Statements
Nine Month Period Ended March 31, 2019

(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
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Note	March 31, 2020	June 30, 2019
ASSETS			
Current assets			
Cash		\$ 245,162	\$ 4,388
Marketable securities	4	88,000	32,000
Prepaid expenses		43,993	-
Receivables	5	30,907	6,645
		408,062	43,033
Non-current assets			
Exploration and evaluation assets	6	1,126,967	481,547
		1,126,967	481,547
TOTAL ASSETS		\$ 1,535,029	\$ 524,580
LIABILITIES			
Current Liabilities			
Trade payables and accrued liabilities	7, 12	\$ 195,852	\$ 84,948
Promissory notes payable	8, 12	11,404	10,654
TOTAL LIABILITIES		207,256	95,602
SHAREHOLDERS' EQUITY			
Share capital	10	18,362,967	17,894,308
Reserves	11	1,911,504	1,197,141
Accumulated other comprehensive loss	4	36,000	(20,000)
Deficit		(18,982,698)	(18,642,471)
TOTAL SHAREHOLDERS' EQUITY		1,327,773	428,978
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 1,535,029	\$ 524,580

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 14)

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
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Notes	Three Months ended		Nine Months ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Expenses					
Business development and property investigation		\$ 18,640	\$ -	\$ 53,424	\$ -
Consulting fees	12	78,000	45,000	198,000	132,500
Interest	8	250	-	750	-
Office and miscellaneous		2,216	1,875	12,073	2,703
Professional fees		5,977	3,350	32,039	10,368
Stock-based compensation	11	-	-	32,122	-
Transfer agent and filing fees		4,963	5,427	11,819	9,512
		(110,046)	(55,652)	(340,227)	(155,083)
Net income (loss)		(110,046)	(55,652)	(340,227)	(155,083)
Other comprehensive income (loss)					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Unrealized gain (loss) on short-term investments		16,000	4,000	56,000	(4,000)
Total comprehensive income (loss)		\$ (94,046)	\$ (51,652)	\$ (284,227)	\$ (159,083)
Loss per share - basic and diluted		\$ 0.003	\$ 0.002	\$ 0.011	\$ 0.007

Affinity Metals Corp.
Condensed Interim Statements of Changes in Equity
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Note	Share Capital		Reserves		Accumulated other comprehensive loss	Deficit	Total
		Number of shares	Amount	Stock option reserve	Warrant reserve			
Balance at June 30, 2018		22,876,435	\$17,722,554	\$ 1,062,455	\$ 109,470	\$ (20,000)	\$ (18,408,613)	\$ 465,866
Net income (loss)		-	-	-	-	-	(155,083)	(155,083)
Shares issued for exploration and evaluation assets	7	50,000	4,750	-	-	-	-	4,750
Unrealized loss on marketable securities	4	-	-	-	-	(4,000)	-	(4,000)
Share issuance costs	11	-	(6,750)	-	-	-	-	(6,750)
Balance at March 31, 2019		22,926,435	\$ 17,720,554	\$ 1,062,455	\$ 109,470	\$ (24,000)	\$ (18,563,696)	\$ 304,783
Balance at June 30, 2019		24,986,435	\$ 17,894,308	\$ 1,062,455	\$ 134,686	\$ (20,000)	\$ (18,642,471)	\$ 428,978
Net loss for the year		-	-	-	-	-	(340,227)	(340,227)
Shares issued in private placement	10	8,572,300	1,114,460	-	-	-	-	1,114,460
Shares issued for warrants exercised	10	250,000	18,750	-	-	-	-	18,750
Shares issued for services	10	96,000	13,440	-	-	-	-	13,440
Shares issued for exploration and evaluation assets	7	100,000	8,000	-	-	-	-	8,000
Valuation of warrants issued	11	-	(682,241)	-	682,241	-	-	-
Valuation of options granted	11	-	-	32,122	-	-	-	32,122
Share issuance costs	10	-	(3,750)	-	-	-	-	(3,750)
Unrealized gain on marketable securities	4	-	-	-	-	56,000	-	56,000
Balance at March 31, 2020		34,004,735	\$ 18,362,967	\$ 1,094,577	\$ 816,927	\$ 36,000	\$ (18,982,698)	\$1,327,773

See accompanying notes to the financial statements

Affinity Metals Corp.
Consolidated Interim Statements of Cash Flows
(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

	Nine months ended	
	March 31, 2020	March 31, 2019
Operating activities		
Net income (loss)	\$ (340,227)	\$ (155,083)
Adjustments for:		
Accrued interest on promissory notes	750	-
Stock-based compensation	32,122	-
Changes in non-cash working capital items:		
Receivables	(24,262)	(638)
Prepaid expenses and deposits	(43,993)	-
Trade payables and accrued liabilities	124,344	171,134
Net cash flows used in operating activities	(251,266)	(15,413)
Investing activities		
Exploration and Evaluation asset expenditures	(637,420)	(37,387)
Net cash flows used in investing activities	(637,420)	(37,387)
Financing activities		
Proceeds from promissory notes	-	10,000
Proceeds from sale of shares	1,133,210	-
Cash advances from investors	-	150,000
Share issuance costs	(3,750)	(6,750)
Net cash flows from financing activities	1,129,460	153,250
Increase (decrease) in cash	240,774	131,276
Cash, beginning	4,388	14,260
Cash, ending	\$ 245,162	\$ 145,536

Affinity Metals Corp.
Notes to the Condensed Interim Financial Statements
For the Nine Months Ended March 31, 2020 and 2019
(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, 2020, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These conditions raise significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares.

2. Significant accounting policies and basis of presentation

The financial statements were authorized for issue on May 29, 2020 by the directors of the Company.

Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”).

These interim unaudited condensed financial statements do not include all of the information required for full annual financial statements and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this unaudited condensed interim financial report be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2019. The effects of the adoption of new and amended IFRS pronouncements have been disclosed in Note 3 of these condensed interim financial statements.

The accounting policies and methods of application applied by the Company in these condensed interim financial statements are the same as those applied in the Company’s most recent annual financial statements for the year ended June 30, 2019, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective July 1, 2019.

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.

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3. Adoption of New and Amended IFRS Pronouncements

New standards and interpretations issued but not yet adopted

The following are standards issued but not yet effective up to the year-end date of these unaudited financial statements. The Company reasonably expects these standards to be applicable at a future time and intends to adopt these standards when they become effective. The following new standards, amendments and interpretations that have not been early adopted in the financial statements do not have a material effect on the Company's future results of operations and financial position.

- IFRS 16, Leases, which replaces IAS 17 Leases. The objective of the new standard requires entities to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating or finance leases, effectively treating all leases as finance leases. Lessors will continue with a dual lease classification model. Classification will determine how and when a lessor will recognize lease revenue, and what assets would be recorded. This standard is effective for years beginning on or after January 1, 2019. The Company does not expect that the adoption will have a significant impact on the financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Investment in Marketable securities

As at March 31, 2019, the Company holds 800,000 (2019 – 800,000) common shares of American Creek Resources Ltd. ("American Creek Shares"). At March 31, 2020, the 800,000 American Creek Shares fair value had increased from \$0.065 per share at November 9, 2016 when the shares were received to \$0.11 per share and therefore the Company wrote the marketable securities up to \$88,000 (2019- \$32,000). The total unrealized gain on marketable securities for the period ended March 31, 2020 is \$36,000 (2019 - \$nil) which is recorded in other comprehensive income (loss).

5. Receivables

Receivables consists of GST recoverable.

6. Exploration and evaluation assets

	Balance March 31, 2020	Current Expenditures	Balance June 30, 2019	2019 Expenditures	Balance June 30, 2018
Nor Property, Yukon					
Property acquisition costs	\$ 422,080	\$ -	\$ 422,080	\$ -	\$ 422,080
Impairment	(122,675)	-	(122,675)	-	(122,675)
	299,405	-	299,405	-	299,405
Exploration and evaluation costs					
Accommodation and meals	342,890	-	342,890	-	342,890
Assay and soil sampling	68,787	-	68,787	-	68,787
Diamond drilling	850,848	-	850,848	-	850,848
Drafting	15,234	-	15,234	-	15,234
Fuel	368,699	-	368,699	-	368,699
Geologist	526,111	-	526,111	-	526,111
Geophysics	281,283	-	281,283	-	281,283
Helicopter	1,516,526	-	1,516,526	-	1,516,526
Housing	28,900	-	28,900	-	28,900
Licenses	33,299	-	33,299	-	33,299
Line cutting	109,794	-	109,794	-	109,794
Supervision	94,305	-	94,305	-	94,305
Supplies and miscellaneous	148,613	-	148,613	-	148,613

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	Balance March 31, 2020	Current Expenditures	Balance June 30, 2019	2019 Expenditures	Balance June 30, 2018
Support wages	337,260	-	337,260	-	337,260
Surveys	86,568	-	86,568	-	86,568
Travel and transport	119,611	-	119,611	-	119,611
Mineral exploration tax credits	(595,129)	-	(595,129)	-	(595,129)
Impairment	(4,264,660)	-	(4,264,660)	-	(4,264,660)
	68,940	-	68,940	-	68,940
Total Nor Property, Yukon	368,345	-	368,345	-	368,345
Carswell, Saskatchewan					
Property acquisition costs	-	-	-	-	-
Exploration and evaluation costs					
Proceeds of disposition	-	-	-	-	(5,000)
Supervision	-	-	-	-	10,750
Supplies and miscellaneous	-	-	-	-	30
Impairment	-	-	-	-	(5,780)
	-	-	-	-	-
Total Carswell, Saskatchewan	-	-	-	-	-
Regal, BC					
Property acquisition costs	50,750	28,000	22,750	14,750	8,000
Exploration and evaluation costs					
Accommodation and meals	17,733	17,733	-	-	-
Assays	16,969	15,819	1,150	-	1,150
Diamond drilling	227,030	227,030	-	-	-
Equipment rental	7,100	2,200	4,900	-	4,900
Fuel	3,334	2,884	450	-	450
Geologist	36,399	36,399	-	-	-
Helicopter	253,142	242,522	10,620	-	10,620
Licenses, permits, bonds	21,246	20,346	900	900	-
Prospecting	71,534	30,650	40,884	16,584	24,300
Reporting costs	5,540	1,860	3,680	-	3,680
Staking costs	3,587	3,587	-	-	-
Supplies and miscellaneous	42,154	14,286	27,868	-	27,868
Support wages	112	112	-	-	-
Travel and transport	1,992	1,992	-	-	-
	707,872	617,420	90,452	17,484	72,969
Total Regal, BC	758,622	645,420	113,202	32,234	80,968
Total	\$ 1,126,967	\$ 645,420	\$ 481,547	\$ 32,234	\$ 449,313

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%.

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6. Exploration and evaluation assets (continued)

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. Subsequent to these financial statements, the Plan has been settled, however the area where the property is located is not yet finalized, with respect to mining activities. Management has kept the claims and titles in good standing and intends to continue exploration once a conclusion with respect to the mining activities has been finalized.

(b) Carswell Property, Saskatchewan

Effective April 5, 2018, the Company disposed of its interest in the Middle Lake (Carswell), Saskatchewan property for total cash proceeds of \$5,000 and recognized a loss in the statement of loss and comprehensive loss of \$5,780.

(c) 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 (Note 12). The remaining terms and payments under the agreement are as follows:

- i) \$10,000 cash payment (paid) and 50,000 shares (issued) to the vendor on the first anniversary of the agreement;
- ii) \$20,000 (paid) cash payment and 100,000 shares (issued) to the vendor on the second anniversary of the agreement;
- iii) \$30,000 cash payment and 150,000 shares to be issued to the vendor on the third anniversary of the agreement; and
- iv) \$40,000 cash payment and 250,000 shares to be issued to the vendor on the fourth anniversary of the agreement.

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

7. Trade payables and accrued liabilities

	March 31, 2020	June 30, 2019
Trade payables (Note 12)	\$ 195,852	\$ 69,948
Accrued liabilities	-	15,000
	\$ 195,852	\$ 84,948

8. Promissory notes payable

Two promissory notes totaling \$10,000 (2019 - \$nil) are payable to two companies controlled by two directors of the Company (Note 12). The promissory notes bear interest at the rate of 10% per annum, calculated daily and compounded monthly payable when the notes become due. The interest rate was fixed until the maturity date of the promissory note. The notes were due November 14, 2019.

During the period ended March 31, 2020, the Company recorded accrued interest of \$750 (2019 - \$654) on the promissory notes (Note 12).

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9. 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.

10. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At March 31, 2020 there were 34,004,735 (2019 – 24,986,435) issued and fully paid common shares.

Share Issuances

On September 18, 2019, the Company issued 6,000,000 common shares in a non-brokered private placement at a price of \$0.10 per unit for gross proceeds of \$600,000. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 2 years from the closing date of the Offering at a price of \$0.15 per share.

On September 15, 2019, the Company issued 96,000 common shares with a fair value of \$13,440 as part of a shares for services agreement.

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

On February 20, 2020, the Company issued 250,000 common shares on warrants exercised for gross proceeds of \$18,750.

On March 2 and March 24, 2020, the Company issued a total of 2,572,300 common shares in two tranches of a non-brokered private placement at a price of \$0.20 per unit for gross proceeds of \$514,460. Each unit consisted of one common share of the Company and one non-transferable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 2 years from the closing date of the Offering at a price of \$0.30 per share.

During the year ended June 30, 2019, the Company issued 2,000,000 common shares in a non-brokered private placement at a price of \$0.10 per unit for gross proceeds of \$200,000. Each unit consisted of one common share of the Company and one half non-transferable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 1 year from the closing date of the Offering at a price of \$0.15 per share.

During the year ended June 30, 2019, the Company also issued 60,000 common shares at \$0.10 per share as a finders fee and 50,000 common shares for exploration and evaluation assets with a fair value of \$0.095 per share (Note 6).

The share issuance costs for the period ended March 31, 2020 were \$3,750 (2019 – \$13,780).

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the period ended March 31, 2020 was based on the net loss attributable to common shareholders of \$340,227 (2019 – \$155,083) and the weighted average number of common shares outstanding of 29,727,021 (2019 – 22,901,070).

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

Affinity Metals Corp.
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10. Share capital (continued)

Warrants

On September 18, 2019, 6,000,000 warrants were granted as part of the units issued in a private placement. Each full warrant may be exercised for one additional common share for a period of 2 years from the closing date of the Offering at a price of \$0.15 per share.

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

On March 2 and March 24, 2020, 2,572,300 warrants were granted as part of the units issued in a private placement in the two separate tranches. Each full warrant may be exercised for one additional common share for a period of 2 years from the closing date of the Offering at a price of \$0.30 per share.

During the year ended June 30, 2019, 1,000,000 warrants were granted as part of the units issued in a private placement on April 1, 2019. Each full warrant may be exercised for one additional common share for a period of 1 year from the closing date of the Offering at a price of \$0.15 per share.

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

	March 31, 2020		June 30, 2019	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	4,000,000	\$ 0.113	3,000,000	\$ 0.100
Warrants issued	8,572,300	0.130	1,000,000	0.150
Warrants exercised	(250,000)	0.075	-	-
Warrants outstanding, ending	12,322,300	\$ 0.170	4,000,000	\$ 0.113
Warrants exercisable, ending	12,322,300	\$ 0.170	4,000,000	\$ 0.113

On September 20, 2019 the Company extended the term of 1,000,000 common share purchase warrants that were originally issued November 21, 2017 and are exercisable at a price of \$0.15/share until November 21, 2019. The Company extended the term by one year such that the warrants are now exercisable until November 21, 2020 at an exercise price of \$0.15/share. No additional compensation was recognized related to the extensions. All other terms of the warrants remained unchanged.

During the year ended June 30, 2019, the Company extended the terms of 3,000,000 common share purchase warrants by 12 months. These warrants were issued pursuant to private placements and the new expiry dates are May 3, 2020 for 2,000,000 common share purchase warrants and November 21, 2019 for 1,000,000 common share purchase warrants. No additional compensation was recognized related to the extensions. All other terms of the warrants remained unchanged.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not

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10. Share capital (continued)

Stock options (continued)

exceed 10% of the Company's issued and outstanding common shares. The maximum discount allowed varies with share price, with a maximum of 25% and a minimum price of \$0.05. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or thirty days following cessation of an optionee conducting investor relations activities' position. Pursuant to the stock option plan, options granted in respect of investor relations activities are subject to vesting in stages over one year from the grant date with a maximum of one-quarter of the options vesting in any three month period. Vesting restrictions may also be applied to other options grants, at the discretion of the Board of Directors.

On October 23, 2019 the Company granted 250,000 stock options to an advisor of the Company. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of \$0.135.

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

	March 31, 2020		June 30, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning	2,095,000	\$ 0.05	2,095,000	\$ 0.05
Options granted	250,000	0.135	-	-
Options expired	-	-	-	-
Options cancelled	-	-	-	-
Options outstanding, ending	2,345,000	\$ 0.06	2,095,000	\$ 0.05
Options exercisable, ending	2,345,000	\$ 0.06	2,095,000	\$ 0.05

11. 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.

On September 18, 2019, the Company issued 6,000,000 common share purchase warrants as part of the private placement referenced above. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of \$0.15.

The fair value of the common share purchase warrants was determined to be \$384,542 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 181% volatility, a risk free interest rate of 1.61%, and a term of 2 years.

On March 2, the Company issued 1,960,000 common share purchase warrants as part of the first tranche of a private placement referenced above. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of \$0.30.

The fair value of the common share purchase warrants was determined to be \$253,004 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 159% volatility, a risk free interest rate of 1.18%, and a term of 2 years.

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11. Reserves (continued)

On March 24, the Company issued 612,300 common share purchase warrants as part of the second tranche of a private placement referenced above. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of \$0.30.

The fair value of the common share purchase warrants was determined to be \$44,695 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 159% volatility, a risk free interest rate of 0.64%, and a term of 2 years.

During the year ended June 30, 2019, the Company issued 1,000,000 common share purchase warrants as part of the private placement referenced above. Each common share purchase warrant may be exercised for a period of 12 months from the closing date of the private placement at a price of \$0.15.

The fair value of the common share purchase warrants was determined to be \$25,216 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 126% volatility, a risk free interest rate of 1.60%, and a term of 1 year.

12. Related party transactions

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, 2020, the Company:

Granted 250,000 options to purchase common shares to an advisor of the Company. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of \$0.135. The fair value of the common share purchase options was determined to be \$32,122 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 123% volatility, a risk free interest rate of 1.41%, and a term of 10 years.

Investment revaluation reserve

The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses.

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

	Nine Months Ended	
	March 31, 2020	March 31, 2019
Interest expense – directors of the Company	\$ 750	\$ -

Key management personnel compensation

	Nine Months Ended	
	March 31, 2020	March 31, 2019
Consulting fees – accrued or paid to officers	\$ 198,000	\$ 132,500

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(Unaudited – prepared by Management)
(Expressed in Canadian Dollars)

12. Related party transactions

Included in trade payables at March 31, 2020 is \$20,563 (2019 – \$152,654) owed to officers of the Company for accrued consulting fees (Note 7). As at March 31, 2020, the Company had promissory notes of \$11,404 outstanding to companies controlled by officers of the Company (Note 8).

13. 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, 2020 all of the Company's assets are located in Canada.

14. Subsequent events

On May 26, 2020, the Company announced that it entered into an option agreement to acquire 20 mineral tenures including 429 hectares near Timmons, Ontario.