



Anfield Energy Inc.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019

(Expressed in Canadian Dollars - unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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 financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Anfield Energy Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars - unaudited)

	Notes	June 30, 2020	December 31, 2019
Assets			
Current Assets			
Cash		\$ 280,834	\$ 22,541
Sales tax receivable		11,278	4,221
Prepays		227,691	55,967
		519,803	82,729
Non-current Assets			
Insurance Premium	4	64,046	244,155
Prepaid reclamation bond	4	9,642,910	9,190,058
Evaluation and exploration assets	4	9,881,784	9,458,759
		19,588,740	18,892,972
Total Assets		\$ 20,108,543	\$ 18,975,701
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	624,954	607,071
Due to related parties	7	594,182	411,214
Promissory note	11	27,256	25,976
Amounts owing on asset acquisition - current	4	19,526,934	18,092,751
		20,773,326	19,137,012
Long-term liabilities			
Asset retirement obligation	3	15,738,923	14,830,674
Amounts owing on asset acquisition	4	3,194,877	2,829,268
Promissory note	11	-	25,976
		18,933,800	17,685,918
Total Liabilities		39,707,126	36,822,930
Equity			
Share capital	6	43,508,601	41,829,530
Stock option reserve	6	2,374,057	2,481,623
Warrant reserve	6	381,824	367,142
Foreign exchange reserve	6	(552,827)	61,436
Deficit		(65,310,238)	(62,586,960)
Total Equity		(19,598,583)	(17,847,229)
Total Equity and Liabilities		\$ 20,108,543	\$ 18,975,701

Going concern (Note 1)

Subsequent events (Note 12)

Approved on behalf of the Board of Directors:

"Corey Dias"

Chief Executive Officer

"Joshua Bleak"

Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Anfield Energy Inc.
Condensed Consolidated Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars - unaudited)

		For the three months ended		For the six months ended	
	Notes	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Expenses					
Exploration and evaluation expenditures	4	\$ 394,325	\$ 133,475	\$ 652,293	\$ 286,681
General and administrative	7	610,925	521,348	934,539	770,415
Investor relations		3,428	25,434	15,081	39,481
(Gain) loss on foreign exchange		(302,425)	(68,137)	275,907	(141,125)
		706,253	612,120	1,877,820	955,452
Other Items					
Accretion expense for asset retirement obligations	3	(90,437)	(65,484)	(177,748)	(129,493)
Accretion expense for long term debt	4	(189,743)	(289,590)	(367,311)	(564,102)
Adjustment on amount owing on asset acquisition	4	-	-	27,934	-
Interest expense	4,11	(218,779)	(173,664)	(435,899)	(347,588)
Net loss		\$ (1,205,212)	\$ (1,140,858)	\$ (2,830,844)	\$ (1,996,635)
Other comprehensive loss					
Other comprehensive loss that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		557,759	182,621	(614,263)	399,296
Total comprehensive loss		\$ (647,453)	\$ (958,237)	\$ (3,445,107)	\$ (1,597,339)
Loss per share – basic and diluted		\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (0.03)
Weighted average shares outstanding		94,813,505	61,219,627	86,178,440	60,449,856

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Anfield Energy Inc.
Condensed Consolidated Interim Statement of Changes in Equity
(Expressed in Canadian Dollars - unaudited)

	Notes	Number of Shares	Amount	Stock Option Reserve	Warrant Reserve	Foreign exchange reserve	Deficit	Total Equity
Balance as at December 31, 2018		44,759,783	\$ 35,120,958	\$ 2,476,684	\$ 310,178	\$ (518,638)	\$ (54,200,824)	\$ (16,811,642)
Shares issued - private placement, net								
share issue cost	6	18,358,716	3,513,699	-	56,964	-	-	3,570,663
Shares issued for mineral properties	6	14,851,775	3,194,873	-	-	-	-	3,194,873
Shares cancelled	6	(3,317,448)	-	-	-	-	-	-
Options expired		-	-	(209,202)	-	-	209,202	-
Comprehensive loss for the year		-	-	-	-	399,296	(1,996,635)	(1,597,339)
Balance as at June 30, 2019		74,652,826	41,829,530	2,267,482	367,142	(119,342)	(55,988,257)	(11,643,445)
Balance as at December 31, 2019		74,652,826	41,829,530	2,481,623	367,142	61,436	(62,586,960)	(17,847,229)
Shares issued - private placement, net								
share issue cost	6	27,373,717	1,434,071	-	14,682	-	-	1,448,753
Shares issued for debt	6	4,000,000	245,000	-	-	-	-	245,000
Options expired		-	-	(107,566)	-	-	107,566	-
Comprehensive loss for the year		-	-	-	-	(614,263)	(2,830,844)	(3,445,107)
Balance as at June 30, 2020		106,026,543	\$ 43,508,601	\$ 2,374,057	\$ 381,824	\$ (552,827)	\$ (65,310,238)	\$ (19,598,583)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Anfield Energy Inc.
Condensed Consolidated Interim Statement of Cash Flows
(Expressed in Canadian Dollars - unaudited)

	For the six months ended	
	June 30, 2020	June 30, 2019
Cash Flows from Operating Activities		
Net loss from continuing operations	\$ (2,830,844)	\$ (1,996,635)
Adjustments for non-cash items:		
Accretion of asset retirement obligation	177,748	129,493
Accretion of long term debt	367,311	564,102
Foreign exchange	271,979	(249,081)
Adjustment on amount owing on asset acquisition	(27,934)	-
Interest on amounts owing on acquisition	432,600	347,588
Changes in non-cash working capital:		
Sales tax receivable	(7,057)	(54,625)
Prepays and deposits	8,385	54,078
Accounts payable and accrued liabilities	262,883	(319,960)
Interest paid	(1,327)	-
Due to related parties	182,968	(259,716)
Net cash flows used in operating activities	(1,163,288)	(1,784,756)
Financing activities		
Proceeds from share issuances, net of issuance costs	1,448,753	3,570,663
Promissory note repayment	(27,172)	(53,954)
Net cash flow from financing activities	1,421,581	3,516,709
Investing activities		
Exploration and evaluation assets expenditures	-	(96,903)
Net cash flow used in investing activities	-	(96,903)
 Increase in cash	 258,293	 1,635,050
Cash, beginning	22,541	52,792
Cash, ending	\$ 280,834	\$ 1,687,842
 Supplementary Information - Non-Cash Transactions		
Shares issued for debt	\$ 245,000	\$ 50,000

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Anfield Energy Inc. (the “Company”) is a publicly listed company incorporated in British Columbia on July 12, 1989. The Company’s shares are listed on the TSX Venture Exchange (“TSX.V”) under the symbol “AEC”, the OTCQB Marketplace under the symbol “ANLDF”, and the Frankfurt Stock Exchange under the symbol “OAD”. The Company is engaged in mineral development and production.

The Company’s head office and its registered and records offices are located at Suite 2005, 4390 Grange Street, Burnaby, British Columbia, V5H 1P6.

These consolidated 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 assets and discharge liabilities in the ordinary course of operations. As at June 30, 2020, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company incurred a loss of \$2,830,844 during the six months ended June 30, 2020 and had an accumulated deficit of \$65,310,238 as at June 30, 2020. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration and development 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 factors indicate the existence of a material uncertainty that casts 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 loans from directors and companies controlled by directors and or private placement of common shares or the issuance of debt. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

In March 2020 the World Health Organization declared coronavirus 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. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a) BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The condensed consolidated 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”). Therefore, these financial statements comply with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

The condensed consolidated interim financial statements do not include all of the information required of full annual financial statements and are 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 financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2019.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

a) BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE (CONT'D)

The condensed consolidated interim financial statements have been prepared on an accrual basis, based on historical costs. The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

The policies set out below were consistently applied to all periods presented unless otherwise noted below. These financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value.

b) BASIS OF CONSOLIDATION

These consolidated financial statements comprise the accounts of the Company and its wholly-owned subsidiaries Equinox Exploration Holding Corp. ("EQX US"), Anfield Resources Holding Corp. ("ARC"), ARH Wyoming Corp. ("ARH Wyoming") and Highbury Resources Corp. ("Highbury").

c) SIGNIFICANT MANAGEMENT JUDGMENT AND ESTIMATES IN APPLYING ACCOUNTING POLICIES

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Areas requiring a significant degree of estimation and judgment relate to the determination of the recoverability of the carrying value of property, plant and equipment and exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, purchase price allocation and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- Whether there are indicators of impairment of the Company's property, plant and equipment and exploration and evaluation assets.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

d) ACCOUNTING STANDARDS

Recently Adopted Accounting Standards

IFRS 16 – *Leases*. IFRS 16 Leases replaces IAS 17 Leases

The Company has adopted IFRS 16 on a modified retrospective approach during the year ended December 31, 2019. This new standard replaces IAS 17 Leases and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. There has been no adjustments to these financial statements as a result of the transition to IFRS 16 as of January 1, 2019.

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.

3. ASSET RETIREMENT OBLIGATIONS

Laws and regulations concerning environmental protection affect the Company's exploration and operations. Under current regulations, the Company is required to meet performance standards to minimize environmental impact from its activities and to perform site restoration and other closure activities. The Company's provision for future site closure and reclamation costs is based on known requirements.

a) SHOOTARING MILL

The Company's determination of the environmental rehabilitation provision arising from the Shootaring Mill (Note 4) acquisition at June 30, 2020 was \$15,738,923 (US\$11,548,961) (December 31, 2019: \$14,830,674 (US\$11,418,751)). This estimate was based upon an undiscounted future cost of \$23,395,930 (US\$16,433,762), an annual inflation rate of 3% and risk adjusted discount rate of 2.30%. The closure and reclamation expenditure is expected to be incurred in 2035.

During the year ended December 31, 2019 the Company revised the asset retirement costs for the Shootaring Mill and recorded a change in estimate for US\$2,659,352 (\$3,453,965). The change in estimate was recorded as an increase to property, plant and equipment and an impairment of the full incremental was recognized.

3. ASSET RETIREMENT OBLIGATIONS (CONTINUED)

a) SHOOTARING MILL (CONT'D)

A continuity of the Company's provision for site reclamation and closure is as follows:

Balance, December 31, 2018	\$	11,680,911
Accretion		261,317
Change in asset retirement estimate		3,453,965
Foreign exchange		(565,519)
Balance, December 31, 2019		14,830,674
Accretion		177,748
Foreign exchange		730,501
Balance, June 30, 2020	\$	15,738,923

a) WEST SLOPE PROJECT

The Company has not recorded a provision for future reclamation costs for its West Slope Project purchased in 2019 (Note 4). The Company is aware that there will be future reclamation work required as evidenced by a reclamation bond requirement for this project. The timing and amount required for reclamation work was not determinable as at June 30, 2020 due to a previous injunction the Department of Energy ("DOE") placed on uranium mines in Colorado from 2011 to 2019. The Company is currently working with the DOE to determine the reclamation requirement.

On February 20, 2020, the Company signed a bonding agreement with Cotter, whereby Cotter issued a Letter of Credit (the "LOC") as required by applicable Government entities to facilitate the Company to obtain Replacement Surety Bonds (the "Bonds") for US\$2,400,000 (the "Principal") in connection to the West Slope Project. On or before the one-year anniversary date of the agreement (the "Anniversary Date"), the Company is required to pledge sufficient security under the Bonds to obtain the release of the LOC and pay US\$360,000 ("Replacement Fee"), equal to 15% of the Principal to Cotter. If the Company fails to obtain the release of LOC on or before the anniversary date, the Company will be required to pay interest in the amount of 10% per annum compounded annually on:

- (i) the Principal from the Anniversary Date until the LOC is released; and
- (ii) the Replacement Fee from Anniversary Date until paid.

The replacement of the Bonds process has been deferred until the current COVID-19 pandemic has been officially lifted.

4. EVALUATION, EXPLORATION AND DEVELOPMENT ASSETS

As at June 30, 2020, the Company held interests in uranium exploration properties in Utah, Wyoming and Arizona ("Uranium Properties"); a uranium property in Wyoming and uranium/vanadium properties in Colorado known as the Highbury Project; and uranium property Upper Maybelle in Saskatchewan, Canada. The Company also held interests in a copper exploration property in Arizona: North Star Property.

Anfield Energy Inc.
Notes to Condensed Consolidated Interim Financial Statements
For the six months ended June 30, 2020 and 2019
(Expressed in Canadian Dollars - unaudited)

4. EVALUATION, EXPLORATION AND DEVELOPMENT ASSETS (CONTINUED)

	Upper Maybelle	Highbury	North Star	Uranium Properties	Total
Balance, December 31, 2018	\$ -	\$ -	\$ 19,105	\$ 6,612,803	\$ 6,631,908
Acquisition costs	874,000	2,320,873	-	-	3,194,873
Impairment	-	-	(18,582)	-	(18,582)
Foreign Exchange	-	(31,899)	(523)	(317,018)	(349,440)
Balance, December 31, 2019	874,000	2,288,974	-	6,295,785	9,458,759
Foreign exchange	-	112,792	-	310,233	423,025
Balance June 30, 2020	\$ 874,000	\$ 2,401,766	\$ -	\$ 6,606,018	\$ 9,881,784

The following exploration and evaluation expenditures were included in comprehensive loss are as follows:

	Six months ended June 30,	
	2020	2019
Consulting	\$ 247,592	\$ 104,314
Sundry field	26,641	118,134
License, filing and insurance	378,060	64,233
Total for the period	\$ 652,293	\$ 286,681

URANIUM PROPERTIES

UTAH PROPERTIES

On August 27, 2015, amended November 23, 2017, the Company closed an Asset Purchase Agreement and amendments, with Uranium One Americas Inc. ("Uranium One") to acquire the Shootaring Canyon uranium mill (the "Shootaring Mill") located in Utah, and a portfolio of conventional uranium assets including: Shootaring Mill, Velvet-Wood Project, Frank M Project, Wate and Findlay Tank Breccia Pipes, royalty portfolio and surface stockpiles. Considerations included cash and share payments totalling US\$7,500,000 to be paid to Uranium One and U.S. Energy Corp. ("US Energy").

Pursuant to the agreement, the Company was required to make additional payments of US\$5,000,000 in cash to be released as follows:

- (iii) US\$2,500,000 to be paid upon 18 months of continuous commercial production;
- (iv) US\$2,500,000 to be paid upon 36 months of continuous commercial production.

Due to the uncertainty in the Company's ability to commence commercial production, a provision for the future cash payment has not been recorded.

4. EVALUATION, EXPLORATION AND DEVELOPMENT ASSETS (CONTINUED)

URANIUM PROPERTIES (CONT'D)

UTAH PROPERTIES (CONT'D)

URANIUM ONE – USD \$5,000,000

The Company issued a total of up to USD \$1,000,000 in shares to Uranium One and is to pay a total of up to USD \$4,000,000 cash consideration as follows:

- (i) US\$500,000 in shares due at closing August 27, 2015 (issued);
- (ii) US\$500,000 in shares issued on August 27, 2016 (issued);
- (iii) US\$1,000,000 (\$1,254,000) in cash on July 1, 2017 (paid);
- (iv) US\$1,000,000 (\$1,362,800) in cash paid earlier of January 31, 2018 or restart of commercial production; and
- (v) US\$2,000,000 (\$2,725,600) in cash paid earlier of July 1, 2019 or restart of commercial production.

The US\$1,000,000 payment due on January 31, 2018 has not been made. In accordance with the amendment, interest will be accrued from July 1, 2017 to March 1, 2018 at a rate of 4.95% per annum and 5.95% per annum from March 2, 2018 until payment is made in full. In May 2018, Anfield and Uranium One entered into an Agreement extension in which the US\$1,000,000 payment and related interest would be deferred until July 1, 2019. Further on July 1, 2019, Anfield and Uranium One entered into a subsequent Agreement extension in which the payment due will be deferred for an additional period of 90 days to September 30, 2019. As of June 30, 2020, the Company did not make the deferred payment to Uranium One in respect to the US\$1,000,000. However, the Company remains in negotiations with Uranium One with regard to reaching a comprehensive, mutually-beneficial outcome related to all outstanding debt. During the six months ended June 30, 2020, the Company recorded interest expense of US\$30,075 (\$41,055) with respect to the US\$1,000,000 cash payment. As at June 30, 2020, the total interest payable with respect to the US\$1,000,000 cash payment is US\$171,815 (\$234,150).

The US\$2,000,000 payment due on July 1, 2019 has not been made. On July 1, 2019, the Company and Uranium One entered into an Agreement extension in which the payment due will be deferred for 90 days until September 30, 2019 and will accrue 5.95% per annum from July 1, 2019 until payment is made in full. As of June 30, 2020, the Company did not make the deferred payment to Uranium One in respect to the US\$2,000,000. However, the Company remains in negotiations with Uranium One with regard to reaching a comprehensive, mutually-beneficial outcome related to all outstanding debt. During the six months ended June 30, 2020, the Company recorded interest expense of US\$59,337 (\$81,001) with respect to the US\$2,000,000 cash payment. As at June 30, 2020, the total interest payable with respect to the US\$2,000,000 cash payment is US\$119,000 (\$162,173).

4. EVALUATION, EXPLORATION AND DEVELOPMENT ASSETS (CONTINUED)

URANIUM PROPERTIES (CONT'D)

UTAH PROPERTIES (CONT'D)

During the year ended December 31, 2016, the Company and Uranium One had confirmed a payment due related to the overall reclamation bond value at the time of the closing of the 2015 Shootaring Mill acquisition. During the period ended June 30, 2020, the Company made an adjustment of US\$20,770 (\$27,934). The clarification confirmed an obligation to pay Uranium One US\$570,362 (\$777,289) on August 27, 2017 which became due and payable on January 31, 2018. The US\$570,362 payment due on January 31, 2018 has not been made. In accordance with the amendment, interest was accrued from August 27, 2017 to March 1, 2018 at a rate of 4.95% per annum and is currently accrued at 5.95% per annum from March 2, 2018 until repayment. In May 2018 Anfield and Uranium One entered into an Agreement extension in which the US\$570,362 payment and related interest would be deferred until July 1, 2019. Further on July 1, 2019, Anfield and Uranium One entered into a subsequent Agreement extension in which the payment due will be deferred for an additional period of 90 days until September 30, 2019. As of June 30, 2020, the Company did not make the deferred payment to Uranium One in respect to the US\$570,362 payment. However, the Company remains in negotiations with Uranium One with regard to reaching a comprehensive, mutually-beneficial outcome related to all outstanding debt. During the six months ended June 30, 2020, the Company recorded interest expense of US\$14,290 (\$19,508) with respect to the US\$570,362 payment. As at June 30, 2020, the total interest payable with respect to the US\$570,362 payment is US\$93,588 (\$127,541).

US ENERGY – USD \$2,500,000

Concurrent with the abovementioned agreement, the Company, Uranium One and US Energy entered into an Amended Assignment and Assumption Agreement whereby the Company assumed the obligations of Uranium One relative to Uranium One's agreements with US Energy under revised terms negotiated between the Company and US Energy. The Company issued total of US\$2,500,000 in shares to US Energy during three years period from 2015 to 2017 as per stated terms of the agreement.

RECLAMATION BONDS

The Company is required to obtain replacement bonds to meet reclamation requirement of USD\$9,346,014 in connection with the Shootaring Mill acquisition. Uranium One provided a cash collateral in the amount of US\$7,075,807 to cause the issuance of the replacement bonds. The collateral deposit was originally not recorded in the Company's assets as the cash collateral was provided by Uranium One. The Company prepaid the 3% annual bond premium of US\$281,978 as insurance, which would create an obligation for the surety company to cover the difference between the bond requirement and the cash collateral. The bond premium is amortized over one year. As at June 30, 2020, US\$46,996 (\$64,046) ((December 31, 2019: US\$187,985 (\$244,155)) was recorded in prepaids relating to the annual insurance premium for the reclamation bond requirements.

4. EVALUATION, EXPLORATION AND DEVELOPMENT ASSETS (CONTINUED)

URANIUM PROPERTIES (CONT'D)

UTAH PROPERTIES (CONT'D)

RECLAMATION BONDS (CONT'D)

In accordance with the amendment signed November 23, 2017, the Company entered into a five-year promissory note with Uranium One for the cash collateral. Interest on the promissory note has been accrued since July 1, 2017. During the six months ended June 30, 2020, the Company recorded interest expense of US\$212,226 (\$289,709) with respect to the US\$7,075,807 cash collateral posted by Uranium One. As at June 30, 2020, the total interest payable with respect to the US\$7,075,807 cash collateral is US\$1,167,808 (\$1,591,503).

On July 1, 2019, the Company and Uranium One entered into a subsequent Agreement in which the cash collateral was rolled into one promissory note with the abovementioned outstanding principal balances due to Uranium One, with a total principal of US\$10,666,939 (\$14,536,904) bearing interest at 5.95% per annum until repaid. As at December 31, 2019, the Company recorded the cash collateral of US\$7,075,807 (\$9,642,910) as prepaid reclamation bond. As at June 30, 2020, the Company is in technical default under the promissory note agreement as the Company has not yet made any principal or interest payments related to the note. However, the Company remains in negotiations with Uranium One with regard to reaching a comprehensive, mutually-beneficial outcome related to all outstanding debt.

WYOMING PROPERTIES

On August 23, 2016, the Company entered into a Leases and Claims Transfer Agreement with Uranium One to acquire 24 uranium mining properties in Wyoming (Note 6). Under the term of the leases and claims transfer agreement, the Company agreed to pay total consideration of US\$6,550,000 as follows:

- (i) On execution of agreement US\$450,000 (paid \$613,890);
- (ii) On December 29, 2017 US\$300,000 (paid \$409,260);
- (iii) On 2nd anniversary of closing US\$750,000 (paid \$1,023,150);
- (iv) On 3rd anniversary of closing US\$750,000 (paid \$99,428 (US\$75,000)), as at June 30, 2020 US\$675,000 (\$919,890) is owed;
- (v) On 4th anniversary of closing US\$1,500,000 (discounted \$1,983,078 (US\$1,445,150); and
- (vi) On 5th anniversary of closing US\$2,800,000 (discounted \$3,194,877 (US\$2,344,348)).

4. EVALUATION, EXPLORATION AND DEVELOPMENT ASSETS (CONTINUED)

AMOUNTS OWING ON ASSET ACQUISITION

A continuity of the amounts owing is as follows:

Balance, December 31, 2018	\$ 10,677,639
Addition	9,190,058
Interest	773,503
Payment - cash	(99,428)
Accretion	926,187
Foreign exchange	(545,940)
Balance, December 31, 2019	20,922,019
Adjustment	(27,934)
Interest	431,273
Accretion	367,311
Foreign exchange	1,029,142
Balance, June 30, 2020	\$ 22,721,811
Short Term	\$ 19,526,934
Long Term	3,194,877
Balance, June 30, 2020	\$ 22,721,811
Short Term	\$ 18,092,751
Long Term	2,829,268
Balance, December 31, 2019	\$ 20,922,019

4. EVALUATION, EXPLORATION AND DEVELOPMENT ASSETS (CONTINUED)

HIGHBURY PROJECT

On December 28, 2018, the Company signed an Asset Purchase Agreement (the “Agreement”) to acquire both the Charlie ISR Uranium Project and nine past-producing uranium/vanadium properties in Colorado, collectively known as the West Slope Project, from Cotter Corporation (the “Seller”), in exchange for 11,051,775 common shares of the Company. The closing date of the transaction was February 28, 2019. The Company recorded acquisition costs of \$2,320,873 during the year ended December 31, 2019.

Pursuant to the Agreement, the Seller retains following rights to the uranium and vanadium:

- 20% of all uranium produced from the Charlie Leasehold free of charge; and
- 15% of all uranium, and 15% of all vanadium, produced from the West Slope properties free of charge.

The Company shall deliver 50,000 pounds of yellowcake (natural uranium concentrates in the form of triuranium octoxide) if the commercial production of the Charlie Project is not achieved prior to the 4th anniversary of the closing date, and 75,000 pounds of yellowcake if commercial production is not achieved by 5th anniversary of the closing date. The foregoing deliveries shall be credited toward the supply of Uranium in respect of the Charlie Leasehold. The Company is expecting to commence commercial production within the required time frame and has therefore not recorded any provision for the future delivery of yellowcake.

The Company is required to pay royalties totaling 14% of net revenues from the Charlie project to three companies.

UPPER MAYBELLE PROPERTY, CANADA

The Company issued 3,800,000 common shares at \$0.23 per share for a total consideration of \$874,000 pursuant to the acquisition agreement to acquire 100% interest in the Upper Maybelle River Uranium Project, located in Saskatchewan, Canada.

COPPER PROPERTIES

NORTH STAR PROPERTY

The Company owns a 100% interest in the North Star Property. During the year ended December 31, 2019, the Company fully impaired the North Star Project by \$18,582 as there is no immediate exploration planned for this property.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2020	December 31, 2019
Trade payables	\$ 624,954	\$ 567,071
Accrued liabilities	-	40,000
	\$ 624,954	\$ 607,071

6. SHARE CAPITAL

AUTHORIZED SHARE CAPITAL

Unlimited number of common shares without par value.

ISSUED SHARE CAPITAL

As at June 30, 2020, the Company had 106,178,440 (December 31, 2019: 74,652,826) issued and fully paid common shares.

SHARES FOR MINERAL PROPERTIES

During the six months ended June 30, 2019

On February 28, 2019, the Company issued 11,051,775 common shares with a fair value of \$2,320,873 pursuant to Highbury Projects acquisition (Note 5).

SHARES FOR DEBT

During the six months ended June 30, 2020

The Company issued 4,000,000 common shares with a fair value of \$245,000 to settle outstanding payables. No gain or loss on settlement was recorded.

During the six months ended June 30, 2019

The Company issued 250,000 common shares with a fair value of \$50,000 to settle outstanding payables. No gain or loss on settlement was recorded.

PRIVATE PLACEMENTS

During the six months ended June 30, 2020:

On February 28, 2020, the Company closed an initial tranche of the private placement through the issuance of 8,220,000 units at \$0.05 per unit for proceeds of \$411,000. Each unit consists of one common share of the Company and one share purchase warrant with each warrant entitling the holder to purchase an additional common share at a price of \$0.10 for a period of one year.

On April 20, 2020, the Company closed the second tranche of a private placement through the issuance of 10,780,000 units at \$0.05 per unit for total proceeds of \$539,000. Each unit consists of one common share and one share purchase warrant with each warrant entitling the holder to purchase an additional common share at a price of \$0.10 for a period of one year. In connection with both tranches of the private placement, the Company paid cash finder fee in the amount of \$5,950, incurred other share issue costs of \$15,177 and issued 119,000 finder's warrants with the same terms as those issued for the private placement. The finder's warrants have a fair value of \$8,242 which was recorded as share issue cost. The fair value was determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free rate of 0.36%; Expected life of 1 years; Expected volatility of 123% and dividend yield on \$Nil.

6. SHARE CAPITAL (CONTINUED)

PRIVATE PLACEMENTS (CONT'D)

During the six months ended June 30, 2020 (Cont'd):

On June 8, 2020, the Company closed an initial tranche of a private placement through the issuance of 8,373,717 units at \$0.065 per unit for total proceeds of \$544,292. Each unit consists of one common share and one share purchase warrant with each warrant entitling the holder to purchase an additional common share at a price of \$0.10 for a period of one year. In connection with the private placement, the Company paid cash finder fee in the amount of \$9,342, incurred other share issue costs of \$15,070 and issued 143,410 finder's warrants with the same terms as those issued for the private placement. The finder's warrants have a fair value of \$6,440 which was recorded as share issue cost. The fair value was determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free rate of 0.30%; Expected life of 1 years; Expected volatility of 130% and dividend yield on \$Nil.

During the six months ended June 30, 2019:

On April 23 2019, the Company closed an initial tranche of the private placement through the issuance of 13,764,966 units at \$0.20 per unit for proceeds of \$2,752,993. Each unit consists of one common share of the Company and one share purchase warrant with each warrant entitling the holder to purchase an additional common share at a price of \$0.30 for a period of three years. The Company paid a cash finder fee in the amount of \$76,286, incurred other share issuance costs of \$21,994, and issued 175,350 finder's warrants in relation to the first tranche. Each finder's warrant carries the same terms as those issued for the private placement. The finder's warrants have a fair value of \$31,988 which was recorded as share issue cost. The fair value was determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free rate of 1.55%; Expected life of 3 years; Expected volatility of 183% and dividend yield on \$Nil.

On May 3, 2019, the Company closed the second tranche of the private placement which resulted in an issuance of 4,343,750 units at \$0.20 per unit for proceeds of \$868,750. Each unit consists of one common share and one share purchase warrant with each warrant entitling the holder to purchase an additional common share at a price of \$0.30 for a period of three years. The Company paid a cash finder's fee in the amount of \$2,800 and issued 136,500 finder's warrants in relation to the second tranche. Each finder's warrant carries the same terms as those issued for the private placement. The finder's warrants have a fair value of \$24,976 which was recorded as share issue cost. The fair value was determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free rate of 1.62%; Expected life of 3 years; Expected volatility of 181% and dividend yield on \$Nil.

Anfield Energy Inc.
Notes to Condensed Consolidated Interim Financial Statements
For the six months ended June 30, 2020 and 2019
(Expressed in Canadian Dollars - unaudited)

6. SHARE CAPITAL (CONTINUED)

WARRANTS

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise price
Balance at December 31, 2018	24,204,227	\$ 1.54
Warrants reinstated	1,154,556	1.00
Warrants granted	18,670,566	0.30
Warrants expired	(747,219)	2.00
Balance at December 31, 2019	43,282,130	0.42
Warrants granted	31,636,127	0.10
Balance at June 30, 2020	74,918,257	\$ 0.29

Details of warrants outstanding as at June 30, 2020 are as follows:

Number of warrants outstanding	Exercise price	Expiry
8,220,000	\$0.10	February 23, 2021
11,899,000	\$0.10	April 21, 2021
11,517,127	\$0.10	June 8, 2021
13,940,316	\$0.30	April 23, 2022
4,730,250	\$0.30	May 3, 2022
3,529,737	\$1.00	July 16, 2022
1,106,615	\$1.00	October 4, 2022
19,975,212	\$0.40	July 20, 2023
74,918,257		

At June 30, 2020, the weighted average life of warrants was 1.74 years.

In 2018, the Company entered into a consulting services agreement, pursuant to which advisory and strategic consulting services for mineral properties were to be provided to the Company. As consideration, during 2018, the Company issued 3,317,448 common shares on the exercise of 3,317,448 warrants with an aggregate exercise price equivalent to the stated value of the corporate advisory services. During the year ended December 31, 2019, the agreement was cancelled, without any further obligations owing by the Company, and 3,317,448 common shares were returned to treasury for cancellation and 1,154,556 warrants were reinstated.

6. SHARE CAPITAL (CONTINUED)

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. Such options will be exercisable for a period of up to a maximum of five years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all investor relation activities and consultants will not exceed two percent (2%) of the issued and outstanding common shares.

Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position. With the exception of options granted for investor relations, all options granted typically vest on the grant date.

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

	Number of Options	Weighted Average Exercise Price
Balance December 31, 2018	4,335,700	0.21
Granted	3,385,000	0.20
Expired	(27,950)	3.52
Cancelled	(430,750)	1.03
Balance December 31, 2019	7,262,000	\$ 0.15
Expired	(335,000)	0.15
Balance June 30, 2020	6,927,000	\$ 0.15

The weighted average remaining life of the outstanding options at June 30, 2020 was 3.54 years.

Details of options outstanding as at June 30, 2020 are as follows:

Number of options outstanding	Exercise price	Expiry
3,717,000	\$0.10	August 8, 2023
3,210,000	\$0.20	July 12, 2024
6,927,000		

RESERVES

Stock options reserve

The stock options reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised and cancelled, the amount recorded is transferred to deficit.

6. SHARE CAPITAL (CONTINUED)

RESERVES (CONT'D)

Warrants reserve

The warrants reserve records fair value of the warrants issued for services until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Foreign exchange reserve

The foreign exchange reserve recognizes the foreign exchange differences resulting from translation of group entities to the presentation currency that have a different functional currency than the presentation currency.

7. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related Party Balances

As at June 30, 2020, an amount of \$594,182 (December 31, 2019: \$411,214) was owed to related parties. These amounts are unsecured and have no fixed terms of repayment.

b) Related Party Transactions

The Company incurred the following transactions with companies that are controlled or managed by directors of the Company:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Consulting fees (i)	\$ 12,000	\$ 17,450	\$ 24,000	\$ 29,450

Key management compensation:

	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
Consulting fees (i)	\$ 224,700	\$ 108,845	\$ 346,700	\$ 231,500
Legal fees (i)	41,559	-	81,906	-
	\$ 266,259	\$ 108,845	\$ 428,606	\$ 231,500

(i) These expenses are included in general and administrative expenses in the statement of comprehensive loss.

8. SEGMENTED INFORMATION

The Company's exploration and evaluation assets by geographical areas as at June 30, 2020 and December 31, 2019 follows:

	Canada		USA		Total
Balance at December 31, 2019					
Exploration and evaluation assets	\$	874,000	\$	8,584,759	\$ 9,458,759
Balance at June 30, 2020					
Exploration and evaluation assets	\$	874,000	\$	9,007,784	\$ 9,881,784

9. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the evaluation and exploration of its mineral exploration properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of share capital as well as cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and short-term investments. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company is not subject to any externally imposed capital requirements. There were no changes during the year to management's approach to capital management. The Company's investment policy is to invest its excess cash in highly liquid investments that are readily convertible into cash with maturities of three months or less from the original date of acquisition or when it is needed, selected with regards to the expected timing of expenditures from continuing operations.

10. FINANCIAL INSTRUMENTS

a) Fair value

The carrying values of cash, accounts payable and due to related parties, and amounts owing on asset acquisition, promissory notes approximate their fair values due to the relatively short period to maturity of those financial instruments. Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data.

As at June 30, 2020, the financial instruments recorded at fair value on the statement of financial position is cash which is measured using Level 1.

b) Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	June 30, 2020	December 31, 2019
Fair value through profit and loss:		
Cash	\$ 280,834	\$ 22,541

10. FINANCIAL INSTRUMENTS (CONTINUED)

b) Classification of financial instruments (Cont'd)

Financial liabilities included in the statement of financial position are as follows:

	June 30, 2020	December 31, 2019
Non-derivative financial liabilities:		
Accounts payable and accrued liabilities	\$ 624,954	\$ 607,071
Amounts owing on asset acquisition	22,721,811	20,922,019
Due to related parties	594,182	411,214
Promissory note	27,256	51,952
	<u>\$ 23,968,203</u>	<u>\$ 21,992,256</u>

FINANCIAL RISK MANAGEMENT

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is high credit quality financial institutions as determined by rating agencies.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's debt is subject to a fixed interest rate; therefore, it does not expose to interest rate risk.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The foreign currency risk for the Company is low as the foreign currencies held are in the functional currency of the entities. The Company is exposed to foreign currency risk on the amounts owing on the asset acquisition which are denominated in US dollars.

10. FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL RISK MANAGEMENT (CONT'D)

COMMODITY RISK

Commodity risk is the risk that the value of future cash flows and profits will fluctuate based on the prices of commodities. The Company is exposed to changes in the price of commodities. Changes in the price of commodities will impact the Company's ability to obtain financing to explore its mineral properties.

As at June 30, 2020, the Company has no contracts or agreements in place to mitigate these price risks.

11. PROMISSORY NOTE

During the year ended December 31, 2016, the Company entered into a Promissory Note agreement with U.S Energy to purchase mining data in Wyoming, Utah, and Colorado. As at June 30, 2020, the principal amount is \$27,256 (US\$20,000) with interest of 5% per annum and annual payment of US\$20,000 plus interest. The maturity date is January 4, 2021.

As at June 30, 2020 and December 31, 2019, the balances of the promissory note are as follows:

Balance, December 31, 2018	\$	109,152
Interest		6,557
Payment		(53,954)
Foreign exchange		(9,803)
Balance, December 31, 2019		51,952
Interest		1,327
Payment		(28,499)
Foreign exchange		2,476
Balance, June 30, 2020	\$	27,256
Short Term	\$	27,256
Long Term		-
	\$	27,256

12. SUBSEQUENT EVENTS

In July 2020, the Company closed the second tranche of a private placement through the issuance of 2,038,461 units at \$0.065 per unit for total proceeds of \$132,500. Each unit consists of one common share and one share purchase warrant with each warrant entitling the holder to purchase an additional common share at a price of \$0.10 for a period of one year. In connection with the private placement, the Company paid cash commission of \$2,275 and issued 35,000 finder's warrants.

The Company issued 2,100,000 common shares with a fair value of \$136,500 to settle outstanding payables. No gain or loss on settlement was recorded.

12. SUBSEQUENT EVENTS (CONTINUED)

In August 2020, the Company closed the first tranche of a private placement through the issuance of 10,640,000 units at \$0.05 per unit for total proceeds of \$532,000. Each unit consists of one common share and one share purchase warrant with each warrant entitling the holder to purchase an additional common share at a price of \$0.10 for a period of one year. In connection with the private placement, the Company paid cash commission of \$7,980 and issued 159,600 finder's warrants.