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**TRENCH SOLUTIONS INC.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**July 31, 2020 and 2019**  
**(Unaudited – Prepared by Management)**  
**(In Canadian dollars)**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The condensed interim financial statements of Trench Solutions Inc. (the "Company") are the responsibility of the Company's management. The condensed interim financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and reflect management's best estimates and judgments based on information currently available.

Management has developed and is maintaining a system of internal controls to ensure that the Company's assets are safeguarded, transactions are authorized and properly recorded, and financial information is reliable.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Audit Committee reviews the results of the annual audit and reviews the condensed interim financial statements prior to their submission to the Board of Directors for approval.

The condensed interim financial statements as at July 31, 2020, and for the periods ended July 31, 2020 and 2019, have not been audited by the Company's independent auditors.

# TRENCH SOLUTIONS INC.

## UNAUDITED CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(In Canadian Dollars)

As at,

	July 31, 2020	October 31, 2019	November 1, 2018
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 882,794	\$ 964,759	\$ 8,166
GST receivable	1,577	3,108	8,020
Prepaid expenses	12,062	7,896	30,648
	<b>896,433</b>	<b>975,763</b>	<b>46,834</b>
DUE FROM NOVATEQNI SOUTH AFRICA (PTY) LIMITED	-	-	262,729
DUE FROM NOVATEQNI HONG KONG LIMITED	-	-	317,001
DUE FROM NOVATEQNI USA LLC	-	-	286,541
<b>Total Assets</b>	<b>\$ 896,433</b>	<b>\$ 975,763</b>	<b>\$ 913,105</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 6,468	\$ 45,161	\$ 104,843
Due to related parties (note 7)	3,550	1,450	46,655
Warrant provision	-	-	32,855
<b>Total Liabilities</b>	<b>10,018</b>	<b>46,611</b>	<b>184,353</b>
<b>Shareholders' Equity</b>			
Share capital (note 5)	3,628,426	3,628,426	2,801,337
Warrants (note 5)	529,370	727,841	184,440
Contributed surplus	1,007,699	809,228	809,228
Deficit	(4,279,080)	(4,236,343)	(3,066,253)
<b>Total Shareholders' Equity</b>	<b>886,415</b>	<b>929,152</b>	<b>728,752</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 896,433</b>	<b>\$ 975,763</b>	<b>\$ 913,105</b>

Going Concern (Note 1)

Subsequent Event (Note 11)

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

Approved by the Board of Directors

Signed "Simon Cheng"

Director

Signed "Mark Ferguson"

Director

# TRENCH SOLUTIONS INC.

## UNAUDITED CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(In Canadian Dollars)

	Three months ended July 31,		Nine months ended July 31,	
	2020	2019	2020	2019
<b>Expenses</b>				
Interest expense	\$ -	\$ 6,721	\$ -	\$ 6,721
Listing and filing fees	4,614	28,850	25,749	41,614
Management and consulting fees (note 7)	5,010	15,450	14,505	61,514
Office and general	334	10,508	2,422	32,908
Professional fees (note 7)	7,851	22,504	43,621	49,253
Share-based payments	-	49,589	-	49,589
Travel	-	-	-	8,956
<b>Net loss from operations</b>	<b>(17,809)</b>	<b>(133,622)</b>	<b>(86,297)</b>	<b>(250,555)</b>
Foreign exchange	(933)	(2,847)	(748)	(2,233)
Extinguishment of accounts payable	-	-	44,308	-
<b>Net loss from continuing operations</b>	<b>(18,742)</b>	<b>(136,469)</b>	<b>(42,737)</b>	<b>(252,788)</b>
Loss on disposal of subsidiaries	-	-	-	(905,446)
<b>Loss and comprehensive loss</b>	<b>\$ (18,742)</b>	<b>\$ (136,469)</b>	<b>\$ (42,737)</b>	<b>\$ (1,158,234)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>12,022,045</b>	<b>3,952,347</b>	<b>12,022,045</b>	<b>3,949,104</b>
<b>Basic and fully diluted loss per share from continuing operations</b>	<b>\$ (0.00)</b>	<b>\$ (0.03)</b>	<b>\$ (0.00)</b>	<b>\$ (0.29)</b>
<b>Basic and fully diluted loss per share from discontinued operations</b>	<b>\$ (0.00)</b>	<b>\$ (0.03)</b>	<b>\$ (0.00)</b>	<b>\$ (0.29)</b>

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

**TRENCH SOLUTIONS INC.**  
**UNAUDITED CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
(in Canadian Dollars)

	Number of shares	Number of warrants	Share capital	Warrants	Contributed Surplus	Deficit	Total
<b>Balance – October 31, 2018</b>	<b>3,794,745</b>	<b>317,529</b>	<b>\$2,801,337</b>	<b>\$ 184,440</b>	<b>\$ 809,228</b>	<b>\$(3,066,253)</b>	<b>\$ 728,752</b>
Exercise of stock options	225,000	-	90,089	-	(49,589)	-	40,500
Share-based payments	-	-	-	-	49,589	-	49,589
Net loss for the period	-	-	-	-	-	(1,158,234)	(1,158,234)
<b>Balance – July 31, 2019</b>	<b>4,019,745</b>	<b>317,529</b>	<b>\$2,891,426</b>	<b>\$ 184,440</b>	<b>\$ 809,228</b>	<b>\$(4,224,487)</b>	<b>\$ (339,393)</b>
<b>Balance – October 31, 2019</b>	<b>12,022,245</b>	<b>8,320,029</b>	<b>\$3,628,426</b>	<b>\$ 727,841</b>	<b>\$ 809,228</b>	<b>\$(4,236,343)</b>	<b>\$ 929,152</b>
Warrants expired unexercised	-	(317,529)	-	(198,471)	198,471	-	-
Net loss for the period	-	-	-	-	-	(42,737)	(42,737)
<b>Balance – July 31, 2020</b>	<b>12,022,245</b>	<b>8,002,500</b>	<b>\$3,628,426</b>	<b>\$ 529,370</b>	<b>\$ 1,007,699</b>	<b>\$(4,279,080)</b>	<b>\$ 886,415</b>

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

**TRENCH SOLUTIONS INC.**  
**UNAUDITED CONDENSED INTERIM STATEMENTS OF CASH FLOW**

(in Canadian Dollars)

For the nine months ended July 31,

	2020	2019
<b>Cash used in operating activities</b>		
Net loss from continuing operations	\$ (42,737)	\$ (252,788)
<b>Add (deduct) non-cash items</b>		
Extinguishment of accounts payable	(44,308)	-
Interest expense	-	6,721
Share-based payments	-	49,589
Changes in non-cash working capital:		
Trade and GST receivables	1,531	5,034
Prepaid expenses	(4,166)	18,815
Accounts payable and accrued liabilities	5,615	(23,984)
Due to related parties	2,100	2,100
	<b>(81,965)</b>	<b>(194,513)</b>
<b>Cash used in investing activities</b>		
Cash relinquished on disposal of subsidiaries	-	(39,175)
	-	(39,175)
<b>Cash provided by financing activities</b>		
Proceeds from stock options exercise	-	40,500
Proceeds from loans payable	-	499,667
Repayment of loans	-	(259,220)
	-	280,947
<b>Change in cash and cash equivalents</b>	<b>(81,965)</b>	<b>47,259</b>
<b>Cash and cash equivalents, beginning</b>	<b>964,759</b>	<b>8,166</b>
<b>Cash and cash equivalents, end</b>	<b>\$ 882,794</b>	<b>\$ 55,425</b>

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

# **TRENCH SOLUTIONS INC.**

## **UNAUDITED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the nine months ended July 31, 2020  
(Expressed in Canadian Dollars)

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### **1. NATURE OF BUSINESS**

#### **Nature of Business**

Trench Solutions Inc (the "Company") was incorporated under the Business Corporations Act (Alberta) on July 31, 2012. Effective March 27, 2015, the Company's name was changed from Hombre Capital Inc ("Hombre") to Novateqni Corporation. Effective June 24, 2019, the Company's name was changed from Novateqni Corporation to Novateqni Technology Corporation. Effective December 11, 2019, the Company's name was changed to Trench Solutions Inc. and completed the continuation under the Business Corporations Act (British Columbia).

The Company is a publicly traded company with registered office of 2200 - 885 West Georgia Street, Vancouver, BC, V6C 3E8 and head office of 510 – 580 Hornby Street, Vancouver, BC, V6C 3B6. The Company's common shares are listed on the TSX Venture Exchange ("TSXV" or the "Exchange") under the symbol TSI and are also listed on the OTCQB under the symbol NVTQF.

The condensed interim financial statements were approved by the Board of Directors on September 10, 2020.

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. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

### **2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **Statement of compliance**

These condensed interim financial statements for the period ended July 31, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), interpretations of the International Reporting Interpretation Committee ("IFRIC") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting in effect at the closing date of July 31, 2020. These condensed interim financial statements have been prepared using the same accounting policies and methods as were used for the Company's annual financial statements for the year ended October 31, 2019. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended October 31, 2019.

#### **Functional and presentation currency**

The functional and presentation currency of the Company is Canadian dollars ("CDN dollars").

Effective November 1, 2019, the Company changed its presentation currency to CDN dollars from US dollars ("USD"). This change in presentation currency was made to better reflect the Company's current activities. The Company applied the change to the presentation currency retrospectively and restated the comparative financial information as if the new presentation currency had always been the Company's presentation currency in accordance with the guidance in International Accounting Standard ("IAS") IAS 21 and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The condensed interim financial statements have been translated in accordance with IAS 21.

#### **Significant accounting judgments and estimates**

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**TRENCH SOLUTIONS INC.**  
**UNAUDITED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the nine months ended July 31, 2020  
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**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** (continued from previous page)

The key sources of these uncertainties that have a significant risk of causing material adjustment to the amounts recognized in the condensed interim financial statements are discussed below:

The Company makes allowance for doubtful accounts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for doubtful receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

The Company measures the cost of non-cash stock-based compensation transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for non-cash stock-based compensation transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, risk free interest rate, forfeiture rate, volatility and dividend yield of the share option. The Company measures the cost of non-cash stock-based compensation transactions with consultants by reference to the fair value of the services to be performed.

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

A provision for warranties is recognized when the underlying products are sold. The amount recognized is the best estimate of the costs to be incurred during the warranty period based on historical warranty data and management estimate.

**3. CHANGES IN ACCOUNTING POLICIES**

Accounting Standards adopted during the period:

IFRS 16 – Leases. According to IFRS 16, all leases will be on the statement of financial position of lessees, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019. The Company adopted IFRS 16 at November 1, 2019 and the adoption did not impact the condensed interim financial statements as the Company is not party to any lease agreement.

**4. LOANS PAYABLE**

During the year ended October 31, 2019, the Company entered into unsecured loans with a third party for \$499,934 that accrued interest at 10% per annum. During the year ended October 31, 2019, the Company repaid the loans and interest in full.

**5. SHARE CAPITAL**

**(a) Capital**

**Authorized:** unlimited Class A common shares

As at July 31, 2020, the Company had 12,022,245 shares issued and outstanding.

**TRENCH SOLUTIONS INC.**  
**UNAUDITED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the nine months ended July 31, 2020  
 (Expressed in Canadian Dollars)

**5. SHARE CAPITAL** (continued from previous page)

During the year ended October 31, 2019:

- The Company issued 225,000 shares from the exercise of stock options for proceeds of \$40,500; and
- The Company issued 8,002,500 units at a price \$0.16 per unit for total proceeds of \$1,280,400. Each unit consisted of one common share and one transferrable common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of \$0.21 per share for a period of thirty-six months from the date of issuance of the warrant. The fair value of the warrants is \$543,400.

**(b) Stock option plan**

The Company 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 TSXV requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase Class A Common Shares, provided that the number of Class A Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Class A Common Shares. Such options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

During the period ended July 31, 2020, the Company did not grant any stock options.

During the year ended October 31, 2019, the Company granted 225,000 stock options at a weighted average exercise price of \$0.18 per share and recorded share-based payments of \$49,589.

A summary of the Company's stock option activity is as follows:

	Number of Stock Options	Weighted Average Exercise Price
<b>Outstanding, October 31, 2018</b>	<b>270,000</b>	<b>\$ 3.10</b>
Granted	225,000	0.18
Exercised	(225,000)	0.18
Forfeited	(270,000)	3.10
<b>Outstanding October 31, 2019 and July 31, 2020</b>	<b>-</b>	<b>\$ -</b>

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period ended July 31, 2020 and the year ended October 31, 2019:

	Period ended July 31, 2020	Year ended October 31, 2019
Risk-free interest rate	-	1.52%
Share price	-	\$0.24
Expected life of options	-	3 years
Expected annualized volatility	-	207.13%
Expected dividend rate	-	-
Fair value per option	-	\$0.22

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For the nine months ended July 31, 2020  
(Expressed in Canadian Dollars)

**5. SHARE CAPITAL** (continued from previous page)

**(c) Warrants**

In conjunction with a private placement that closed September 6, 2019, the Company issued 8,002,500 warrants. Each warrant can be exercised to acquire one common share at a price of \$0.21 per share for a period of 36 months from the date of issuance of the warrants.

In conjunction with a private placement that closed February 8, 2018, the Company issued 317,529 warrants. Each warrant can be exercised to acquire one common share at a price of \$2.30 per share for a period of 24 months from the date of issuance of the warrants. During the period ended July 31, 2020, the warrants expired unexercised.

A summary of the Company's warrant activity is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)	Total (\$)
<b>Outstanding, October 31, 2018</b>	<b>317,529</b>	<b>2.30</b>	<b>184,440</b>
Issued pursuant to private placement of units	8,002,500	0.21	543,400
<b>Outstanding, October 31, 2019</b>	<b>8,320,029</b>	<b>0.29</b>	<b>727,841</b>
Expired	(317,529)	2.30	(198,471)
<b>Outstanding July 31, 2020</b>	<b>8,002,500</b>	<b>0.21</b>	<b>529,370</b>

The weighted average remaining contractual life and weighted average exercise price of warrants outstanding as at July 31, 2020 are as follows:

Number Outstanding	Weighted Average Exercise Price	Average Remaining Contractual Life (years)
8,002,500	\$0.21	2.10

The fair value of the warrants issued during the period ended July 31, 2020 and the year ended October 31, 2019 was determined using the Black-Scholes model based on the following assumptions:

	Period ended July 31, 2020	Year ended October 31, 2019
Risk free interest rate	-	1.42%
Dividend yield	-	Nil
Forfeiture rate	-	0%
Stock price	-	\$0.18
Expected stock volatility	-	130.20%
Weighted-average expected life (years)	-	3.0

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**UNAUDITED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

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**6. FINANCIAL INSTRUMENTS AND RISK FACTORS**

Financial Instruments and Fair Value Measurements

IFRS 13 – Fair Value Measurement, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) 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 for the asset or liability that are not based on observable market data (unobservable inputs).

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>July 31, 2020:</b>				
Cash and cash equivalents	\$ 882,794	\$ –	\$ –	\$ 882,794
<b>October 31, 2019:</b>				
Cash and cash equivalents	\$ 964,759	\$ –	\$ –	\$ 964,759

The Company's risk exposure and the impact on its financial instruments are summarized below:

**Credit Risk**

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment/contractual obligations. The Company has deposited the cash with reputable Canadian financial institutions, from which management believes the risk of loss is minimized. The Company continuously evaluates that financial condition and credit worthiness of all customers and potential customers in order to mitigate such risk. In the event that losses do occur, all impairments are recognized in income or loss.

**Liquidity Risk**

Liquidity risk management involves maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit lines. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet liabilities when due. As at July 31, 2020, the Company has current assets of \$896,433 (October 31, 2019 - \$975,763) to settle current financial liabilities of \$10,018 (October 31, 2019 - \$46,611). Accounts payable and accrued liabilities generally have contractual maturities of 30 days and they are all current.

**Interest Rate Risk**

The Company's current policy is to invest excess cash in short term guaranteed investment certificates issued by its banking institutions. The Company monitors the investments it makes and is satisfied with the credit ratings of its banks. The risk the Company will realize a loss as a result of a decline in the fair value of short-term deposits is limited due to the short-term nature of these investments.

**Foreign Exchange Risk**

The Company raises its capital in Canadian dollars. The Company holds its cash mainly in Canadian dollars. The Company minimizes its exposure to foreign currency risk by minimizing the amount of funds in currencies other than the Canadian dollar. The Company does not undertake currency hedging activities. The Company continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

**TRENCH SOLUTIONS INC.**  
**UNAUDITED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the nine months ended July 31, 2020  
(Expressed in Canadian Dollars)

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**7. RELATED PARTY TRANSACTIONS**

The remuneration expense of directors and other members of key management personnel, or companies under their control, during the period was as follows:

	2020	2019
Professional fees	\$ 13,926	\$ -
Consulting fees	\$ 13,695	\$ 56,532

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As at July 31, 2020, the Company owed \$3,550 (October 31, 2019 - \$1,450) to directors of the Company for consulting fees and an accounting firm of which a director and officer of the Company is partner for professional fees.

- i) During the year ended October 31, 2019 a former director of the Company provided loans through companies under his control totaling \$207,515 for working capital which were repaid in full during the year ended October 31, 2019.
- ii) During the year ended October 31, 2018, the former Chief Executive Officer/Director loaned the Company funds for operations. The amount due to the former Chief Executive Officer/Director on October 31, 2018 was \$46,655. The loan was non-interest bearing and had no set repayment terms. During the year ended October 31, 2019 this amount was paid in full.

**8. GEOGRAPHICAL SEGMENTED INFORMATION**

All assets and liabilities of the Company are in Canada which is the geographical segment the company operates in.

**9. CAPITAL DISCLOSURES**

The Company's capital is composed of shareholders' equity. The Company manages its capital structure and makes adjustments to it based on the funds available in order to support the development of its technology-based solutions. In order to carry out the expansion of the Company's product lines and pay for administrative costs, the Company may spend its existing working capital and may raise additional amounts as needed. The Company is not subject to any externally imposed capital requirements.

**10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

During the period ended July 31, 2020, 317,529 warrants expired unexercised and \$198,471 was transferred to contributed surplus.

**TRENCH SOLUTIONS INC.**  
**UNAUDITED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the nine months ended July 31, 2020

(Expressed in Canadian Dollars)

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**11. SUBSEQUENT EVENT**

On August 13, 2020, the Company entered into a definitive property option agreement with an arm's length party, pursuant to which the Company will be granted the right to acquire a 100% interest on the Gorilla Project, in consideration for a series of cash payments to the vendor and the incurrence of exploration expenditures over a period of 3 years as follows:

- a cash payment of \$50,000 upon receipt of approval of the TSX Venture Exchange (the "Exchange");
- incurring exploration expenditures of \$100,000 on the Gorilla Project before the first anniversary;
- a further cash payment of \$250,000, and incurring additional exploration expenditures of \$100,000 on the Gorilla Project before the second anniversary; and
- a final cash payment of \$400,000, and incurring additional exploration expenditures of \$100,000 on the Gorilla Project before the third anniversary.

Following acquisition of the Gorilla Project, the Company will assume responsibility for certain existing net smelter returns royalties totaling 3.5% (collectively, the "Royalties") on commercial production from the Gorilla Project. The Royalties are presently held by arms-length third-parties. The option agreement constitutes a change of business (the "Change of Business") for the Company under the policies of the Exchange. In connection with completion of the Change of Business, the Company anticipates completing a forward split (the "Forward Split") of its common share capital on a 3:1 basis. The Company currently has 12,022,245 common shares outstanding and, upon completion of the Change of Business and the Forward Split, will have 36,066,735 shares outstanding. Following completion of the Change of Business, it is anticipated that the Company would be listed on the Exchange as a Tier 2 Mining issuer under the name "Trench Metals Corp." and the ticker symbol "TMC". No finders' fees or commissions are payable, and the Company does not anticipate completing a financing, in connection with the Change of Business.