

## **TRENCH METALS CORP.**

### **Management's Discussion and Analysis**

This Management's Discussion & Analysis ("MD&A") was prepared as of September 28, 2021 to assist readers in understanding the financial performance of Trench Metals Inc. (the "Company") for the period ended July 31, 2021. This MD&A should be read in conjunction with the Company's condensed interim financial statements for the period ended July 31, 2021 and the audited financial statements for the year ended October 31, 2020.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") using the Company's reporting currency, the Canadian dollar.

This MD&A contains forward-looking statements. Please see the section "Note Regarding Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions used to develop forward-looking information.

### **The Company**

Trench Metals Corp. (the "Company") was incorporated under the Business Corporations Act (Alberta) on July 31, 2012. Effective November 4, 2020, the Company changed its business to a Tier 2 Mining Issuer and its name to Trench Metals Corp. from Trench Solutions Inc. and completed the continuation under the Business Corporations Act (British Columbia).

During the year ended October 31, 2020, the Company completed a split of its common shares on a 1:3 basis. The financial information reflect the split retroactively.

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 TMC and are also listed on the OTCQB under the symbol NVTQF.

### **Exploration Activities**

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, Saskatchewan, Canada, 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") (paid);
- 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.

## Results of Operations

### *For the nine months ended July 31, 2021*

Operating expenses were \$331,743 for the nine months ended July 31, 2021 compared to \$86,297 for the nine months ended July 31, 2020. Variances are detailed as follows:

- Management and consulting fees were \$41,447 for the nine months ended July 31, 2021 compared to \$14,505 for the nine months ended July 31, 2020. The increase in the fees is due to addition of new consultants in the current period.
- Marketing was \$221,820 for the nine months ended July 31, 2021 compared to \$nil for the nine months ended July 31, 2020. In the current period, the Company undertook a marketing program to raise the profile of the Company.

### *For the three months ended July 31, 2021*

Operating expenses were \$269,8643 for the three months ended July 31, 2021 compared to \$17,809 for the three months ended July 31, 2020. Variances are detailed as follows:

- Management and consulting fees were \$33,047 for the three months ended July 31, 2021 compared to \$5,010 for the three months ended July 31, 2020. The increase in the fees is due to addition of new consultants in the current period.
- Marketing was \$221,820 for the three months ended July 31, 2021 compared to \$nil for the three months ended July 31, 2020. In the current period, the Company undertook a marketing program to raise the profile of the Company.

## Summary of Quarterly Results

	July 2021	April 2021	January 2021	October 2020	July 2020	April 2020	January 2020	October 2019
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Net (loss)/income	\$ (269,864)	\$ (32,143)	\$ (29,736)	\$ (74,914)	\$ 25,566	\$ (45,678)	\$ (22,625)	\$ (11,856)
Net (loss)/income per share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ (0.00)	\$ (0.00)

## Financial Condition and Liquidity

The Company will continue to require funds for exploration work, as well as to meet its ongoing day-to-day operating expenses and will continue to rely on equity financing during such period. There can be no assurance that financing will be available to the on terms satisfactory to the Company. The Company does not have any other commitments for material capital expenditures over the near and long term other than as disclosed above plus normal operating expenses.

The Company's capital resources have been limited and has relied principally upon the issue of equity securities to acquire interests in mineral properties.

On July 31, 2021 the Company had cash on hand totalling \$251,253 (October 31, 2020 - \$809,341). Liabilities for the period ended July 31, 2021 were \$29,733 (October 31, 2020 - \$11,155).

In September 2021, 2,142,000 warrants were exercised for proceeds of \$149,940.

For the period ended July 31, 2021, working capital was \$369,383.

## Contractual Obligations and Off-Balance Sheet Arrangements

The Company is not subject to any contractual obligations or off-balance sheet arrangements, except that in the normal course of business, the Company enters into agreements that include indemnities in favour of third parties. These include engagement letters with advisors and consultants, and service agreements. The Company has also agreed to indemnify our directors and officers in accordance with the Company's constating documents and bylaws. Certain agreements do not contain any limits on the Company's liability and therefore it is not possible to estimate its potential liability under these indemnities. In certain cases, the Company has recourse against third parties with respect to these indemnities.

## 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:

		<u>2021</u>	<u>2020</u>
Professional fees	\$	9,000	\$ 13,926
Consulting fees	\$	12,600	\$ 13,695

As at July 31, 2021, the Company owed \$nil (October 31, 2020 - \$2,100) 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.

## Financial Instruments and Risk Factors

Please refer to the condensed interim financial statements for the period ended July 31, 2021.

## New and amended IFRS standards that are effective for the current year

Please refer to the annual financial statements for the year ended October 31, 2020.

## Capital Management

The Company's capital is composed of cash and shareholders' equity. The Company manages its capital structure and make adjustments to it based on the funds available. The Company is not subject to any externally imposed capital requirements. As at July 31, 2021 the Company's shareholders' equity was \$479,758 (October 31, 2020 - \$811,501). As at July 31, 2021 the Company had current liabilities of \$29,733 (October 31, 2020 - \$11,155). The Company will need to raise capital through equity placements and/or long-term debt financing in order to address the current liquidity issue.

## Outstanding Share Data

As at the date of this report the Company had the following securities issued and outstanding:

	<u>Number</u>
Class A Common Shares	38,208,735
Stock Options	nil
Warrants	21,865,500

## Proposed Transactions

There are no proposed transactions that have not been disclosed herein.

## **Internal Controls Over Financial Reporting**

### **Changes in Internal Control over Financial Reporting (“ICFR”)**

In connection with National Instrument 52-109, Certification of Disclosure in Issuer’s Annual and Interim Filings (“NI 52-109”) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management’s Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

### **Management’s Responsibility of Financial Statements**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

### **Critical Accounting Estimates**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management’s estimates.

### **Contingencies**

There are no contingent liabilities.

### **Additional Disclosure for Venture Issuers without Significant Revenue**

#### *Exploration and Evaluation Assets*

The Company records its interests in exploration and evaluation assets and areas of geological interest at cost. All direct and indirect costs relating to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the assets to which they relate are placed into production, sold or management has determined there to be impairment. These costs will be amortized on the basis of units produced in relation to the proven reserves available on the related property following commencement of production.

The recorded cost of exploration and evaluation asset interests is based on cash paid, the assigned value of share considerations issued for exploration and evaluations and exploration and development costs incurred. The recorded amount may not reflect recoverable value as this will be dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

The Company defers all exploration expenses relating to exploration and evaluations assets and areas of geological interest until the properties to which they relate are placed into production, sold or abandoned or management has determined there to be impairment. These costs will be amortized over the proven reserves available on the related property following commencement of production.

Please refer to the July 31, 2021 condensed interim financial statements for details of the Company’s exploration and evaluation assets.

## **Other MD&A Requirements**

Additional disclosure of the Company's material change reports, news releases and other information can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Note Regarding Forward-Looking Statements**

This MD&A contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. The forward-looking statements and information are based on certain key expectations and assumptions made by the Company. Although the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because the Company can give no assurance that they will prove to be correct.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in Canada and globally; industry conditions, including governmental regulation; failure to obtain industry partner and other third party consents and approvals, if and when required; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; stock market volatility; competition for, among other things, skilled personnel and supplies; changes in tax laws; and the other factors. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date hereof, and to not use such forward-looking information for anything other than its intended purpose. The Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law.

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.