
TRENCH METALS CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

JULY 31, 2021 and 2020

(Unaudited – Prepared by Management)

(In Canadian dollars)

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.

TRENCH METALS CORP.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited – Prepared by Management)

(In Canadian Dollars)

As at,

	July 31, 2021	October 31, 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 251,253	\$ 809,341
GST receivable	3,628	3,340
Prepays	144,235	-
	399,116	812,681
Noncurrent assets		
Exploration and evaluation assets (note 4)	110,375	9,975
Total Assets	\$ 509,491	\$ 822,656
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 29,733	\$ 9,055
Due to related parties (note 7)	-	2,100
Total Liabilities	29,733	11,155
Shareholders' Equity		
Share capital (note 5)	3,628,426	3,628,426
Warrants (note 5)	543,400	543,400
Contributed surplus	993,669	993,669
Deficit	(4,685,737)	(4,353,994)
Total Shareholders' Equity	479,758	811,501
Total Liabilities and Shareholders' Equity	\$ 509,491	\$ 822,656

Nature of business (Note 1)

Subsequent event (Note 9)

Approved by the Board of Directors

Signed "Simon Cheng"

Director

Signed "Mark Ferguson"

Director

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

TRENCH METALS CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(In Canadian Dollars)

	Three months ended July 31,		Nine months ended July 31,	
	2021	2020	2021	2020
Expenses				
Listing and filing fees	\$ 517	\$ 4,614	\$ 13,084	\$ 25,749
Management and consulting fees (note 7)	33,047	5,010	41,447	14,505
Marketing	221,820	-	221,820	-
Office and general	1,371	334	2,146	2,422
Professional fees (note 7)	6,965	7,851	47,102	43,621
Shareholder information	6,144	-	6,144	-
Net loss from operations	(269,864)	(17,809)	(331,743)	(86,297)
Foreign exchange	-	(933)	-	(748)
Extinguishment of accounts payable	-	-	-	44,308
Loss and comprehensive loss	\$ (269,864)	\$ (18,742)	\$ (331,743)	\$ (42,737)
Weighted average number of common shares outstanding – basic and diluted	36,066,735	36,066,735	36,066,735	36,066,735
Basic and fully diluted loss per share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)

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

TRENCH METALS CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(Unaudited – Prepared by Management)
(in Canadian Dollars)

	Number of shares	Share capital	Warrants	Contributed surplus	Deficit	Total
Balance – October 31, 2019	36,066,735	\$3,628,426	\$ 727,841	\$ 809,228	\$(4,236,343)	\$ 929,152
Warrants expired unexercised	-	-	(198,471)	198,471	-	-
Net loss for the period	-	-	-	-	(42,737)	(42,737)
Balance – July 31, 2020	36,066,735	\$3,628,426	\$ 529,370	\$ 1,007,699	\$(4,279,080)	\$ 886,415
Balance – October 31, 2020	36,066,735	\$3,628,426	\$ 543,400	\$ 993,669	\$(4,353,994)	\$ 811,501
Net loss for the period	-	-	-	-	(331,743)	(331,743)
Balance – July 31, 2021	36,066,735	\$3,628,426	\$ 543,400	\$ 993,669	\$(4,685,737)	\$ 479,758

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

TRENCH METALS CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
For the nine months ended July 31,
(in Canadian Dollars)

	2021	2020
Cash used in operating activities		
Net loss	\$ (331,743)	\$ (42,737)
Add (deduct) non-cash items		
Extinguishment of accounts payable	-	(44,308)
Changes in non-cash working capital:		
GST receivable	(288)	1,531
Prepaid expenses	(144,235)	(4,166)
Accounts payable and accrued liabilities	20,678	5,615
Due to related parties	(2,100)	2,100
	(457,688)	(81,965)
Cash used in investing activities		
Exploration and evaluation assets	(100,400)	-
	(100,400)	-
Change in cash and cash equivalents	(558,088)	(81,965)
Cash and cash equivalents, beginning	809,341	964,759
Cash and cash equivalents, end	\$ 251,253	\$ 882,794

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no supplemental disclosures with respect to cash flows for the period ended July 31, 2021 and 2020.

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

TRENCH METALS CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(In Canadian Dollars)
For the nine months ended July 31, 2021

1. NATURE OF BUSINESS

Nature of Business

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 condensed interim financial statements 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.

The condensed interim financial statements were approved by the Board of Directors on September 28, 2021.

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 have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting.

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.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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For the nine months ended July 31, 2021

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

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 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. SIGNIFICANT ACCOUNTING POLICIES

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, 2020. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended October 31, 2020.

4. EXPLORATION AND EVALUATION ASSETS

	Gorilla Project, Saskatchewan, Canada	
Balance, October 31, 2019	\$	-
Expenditures during the year:		
Consulting and professional		9,975
Balance, October 31, 2020		9,975
Acquisition costs		50,000
Exploration Costs:		
Consulting and professional		400
Drilling		50,000
Balance, July 31, 2021	\$	110,375

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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4. EXPLORATION AND EVALUATION ASSETS (continued)

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") (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.

5. SHARE CAPITAL

(a) Capital

Authorized: unlimited Class A common shares

As at July 31, 2021, the Company had 36,066,735 shares issued and outstanding.

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

(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, 2021 and year ended October 31, 2020, the Company did not grant any stock options.

(c) Warrants

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

	Number of Warrants	Weighted Average Exercise Price (\$)	Total (\$)
Outstanding, October 31, 2019	24,960,087	0.10	727,840
Expired	(952,587)	0.77	(184,440)
Outstanding October 31, 2020 and July 31, 2021	24,007,500	0.07	543,400

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5. SHARE CAPITAL (continued)

(c) Warrants (continued)

The weighted average remaining contractual life and weighted average exercise price of warrants outstanding as at July 31, 2021 are as follows:

Number Outstanding	Weighted Average Exercise Price	Average Remaining Contractual Life (years)
24,007,500	\$0.07	1.10

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)		
July 31, 2021:					
Cash and cash equivalents	\$ 251,253	\$ –	\$ –		\$ 251,253
October 31, 2020:					
Cash and cash equivalents	\$ 809,341	\$ –	\$ –		\$ 809,341

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6. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

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, 2021, the Company has current assets of \$399,116 (October 31, 2020 - \$812,681) to settle current financial liabilities of \$29,733 (October 31, 2020 - \$11,155). 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.

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:

	2021	2020
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.

8. GEOGRAPHICAL SEGMENTED INFORMATION

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

9. SUBSEQUENT EVENT

Subsequent to July 31, 2021, 2,142,000 warrants were exercised for proceeds of \$149,940.