
TRENCH METALS CORP.

(Formerly "Trench Solutions Inc.")

FINANCIAL STATEMENTS

October 31, 2020 and 2019

(In Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Trench Metals Corp. (formerly "Trench Solutions Inc.")

Opinion

We have audited the financial statements of Trench Metals Corp. (the "Company") which comprise the statements of financial position as at October 31, 2020, 2019, and November 1, 2018 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2020, 2019, and November 1, 2018 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

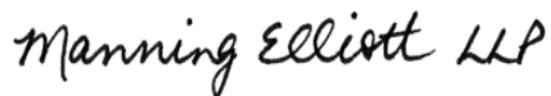
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Fernando J. Costa.

A handwritten signature in black ink that reads 'Manning Elliott LLP'.

TRENCH METALS CORP.

STATEMENTS OF FINANCIAL POSITION

(In Canadian Dollars)

As at,

	October 31, 2020	Revised (Note 2) October 31, 2019	Revised (Note 2) November 1, 2018
Assets			
Current assets			
Cash and cash equivalents	\$ 809,341	\$ 964,759	\$ 69,074
Trade receivable	-	-	4,538
GST receivable	3,340	3,108	5,521
Prepaid expenses	-	7,896	41,253
Inventory	-	-	30,609
Income taxes receivable	-	-	11,004
	812,681	975,763	161,999
Non - current assets			
Exploration and evaluation assets (note 4)	9,975	-	-
Total Assets	822,656	975,763	161,999
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 9,055	\$ 45,161	\$ 343,468
Customer deposits	-	-	128,378
Due to related parties (note 8)	2,100	1,450	43,876
Warranty provision	-	-	32,855
Total Liabilities	11,155	46,611	548,577
Shareholders' Equity			
Share capital (note 6)	3,628,426	3,628,426	2,801,337
Warrants (note 6)	543,400	727,841	184,440
Contributed surplus	993,669	809,228	809,228
Deficit	(4,353,994)	(4,236,343)	(4,181,583)
Total Shareholders' Equity	811,501	929,152	(386,578)
Total Liabilities and Shareholders' Equity	\$ 822,656	\$ 975,763	\$ 161,999

Nature of business (Note 1)

Subsequent event (Note 13)

Approved by the Board of Directors

Signed "Simon Cheng"

Director

Signed "Mark Ferguson"

Director

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

TRENCH METALS CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended October 31,
(In Canadian Dollars)

	2020	2019
Expenses		
Interest expense	\$ -	\$ 10,104
Listing and filing fees	69,471	61,249
Management and consulting fees (note 8)	18,705	65,714
Office and general	3,245	33,754
Professional fees (note 8)	69,790	65,668
Share-based payments	-	49,589
Travel	-	8,956
Net loss from operations	(161,211)	(295,034)
Foreign exchange	(748)	(2,470)
Extinguishment of accounts payable	44,308	-
Write-off of inventory	-	(30,650)
Net loss before gain on disposal of subsidiaries	(117,651)	(328,154)
Gain on disposal of subsidiaries	-	273,394
Loss and comprehensive loss	\$ (117,651)	\$ (54,760)
Weighted average number of common shares outstanding – basic and diluted	36,066,735	14,827,134
Basic and fully diluted loss per share	\$ (0.00)	\$ (0.01)

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

TRENCH METALS CORP.
STATEMENTS OF CHANGES IN EQUITY
(in Canadian Dollars)

	Number of shares	Number of warrants	Share capital	Warrants	Contributed Surplus	Deficit	Total
Balance – October 31, 2018	11,384,235	952,587	\$2,801,337	\$ 184,440	\$ 809,228	\$(4,181,583)	\$ (386,578)
Private placement	24,007,500	24,007,500	737,000	543,401	-	-	1,280,401
Exercise of stock options	675,000	-	90,089	-	(49,589)	-	40,500
Share-based payments	-	-	-	-	49,589	-	49,589
Net loss for the year	-	-	-	-	-	(54,760)	(54,760)
Balance – October 31, 2019	36,066,735	24,960,087	\$3,628,426	\$ 727,841	\$ 809,228	\$(4,236,343)	\$ 929,152
Warrants expired unexercised	-	(952,587)	-	(184,441)	184,441	-	-
Net loss for the year	-	-	-	-	-	(117,651)	(117,651)
Balance – October 31, 2020	36,066,735	24,007,500	\$3,628,426	\$ 543,400	\$ 993,669	\$(4,353,994)	\$ 811,501

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

TRENCH METALS CORP.**STATEMENTS OF CASH FLOW**

(in Canadian Dollars)

For the year ended October 31,

	2020	2019
Cash used in operating activities		
Net loss from continuing operations	\$ (117,651)	\$ (54,760)
Add (deduct) non-cash items		
Extinguishment of accounts payable	(44,308)	-
Gain on disposal of subsidiaries	-	(273,394)
Share-based payments	-	49,589
Write-off of inventory	-	30,655
Changes in non-cash working capital:		
GST receivable	(232)	4,912
Prepaid expenses	7,896	22,752
Accounts payable and accrued liabilities	8,202	(59,682)
Due to related parties	650	(45,205)
	(145,443)	(325,133)
Cash used in investing activities		
Cash relinquished on disposal of subsidiaries	-	(39,175)
Exploration and evaluation assets	(9,975)	-
	(9,975)	(39,175)
Cash provided by financing activities		
Private placements	-	1,280,401
Proceeds from stock options exercise	-	40,500
	-	1,320,901
Change in cash and cash equivalents	(155,418)	956,593
Cash and cash equivalents, beginning	964,759	8,166
Cash and cash equivalents, end	\$ 809,341	\$ 964,759

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended October 31, 2020, 952,587 warrants expired unexercised and \$188,441 was transferred to contributed surplus.

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

TRENCH METALS CORP.

NOTES TO FINANCIAL STATEMENTS

For the years ended October 31, 2020
(In Canadian Dollars)

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 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. Effective November 4, 2020, the Company changed its business to a Tier2 Mining Issuer and its name to Trench Metas Corp. from Trench Solutions Inc., and completed the continuation under the Business Corporations Act (British Columbia).

The Company previously controlled several consolidated subsidiaries including Novateqni USA LLC, Novateqni Hong Kong Limited, and Novateqni South Africa (Pty) Limited. As discussed in Note 13, the Company lost control of the subsidiaries on November 1, 2019. On that basis the October 31, 2020 financial statements are no longer consolidated.

During the year ended October 31, 2020, the Company completed a split of its common shares on a 1:3 basis. The 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 financial statements were approved by the Board of Directors on February 25, 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 financial statements 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 Reporting Interpretation Committee ("IFRIC"), effective as of October 31, 2020.

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 financial statements have been translated in accordance with IAS 21.

Cash and cash equivalents

Cash is comprised of cash on hand and cash held with banks or in trust accounts on behalf of the Company.

TRENCH METALS CORP.
NOTES TO FINANCIAL STATEMENTS

For the years ended October 31, 2020
(In Canadian Dollars)

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

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written down to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Impairment of mineral properties

In accordance with the Company's accounting policy for its mineral properties, exploration and valuation expenditures on mineral properties are capitalized. There is no certainty that the expenditures made by the Company in the exploration of its property interest will result in discoveries of commercial quantities of minerals. The Company applies judgement to determine whether indicators of impairment exist for these capitalized costs.

Management uses several criteria in making this assessment, including the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of mineral properties are budgeted, and evaluation of the results of exploration and evaluation activities up to the reporting date.

TRENCH METALS CORP.
NOTES TO FINANCIAL STATEMENTS

For the years ended October 31, 2020
(In Canadian Dollars)

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

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its property and equipment and development costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Loss and Comprehensive Loss. Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in prior years.

A reversal of an impairment loss is recognized immediately in the Statement of Loss and Comprehensive Loss.

Income taxes

Tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences relating to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, and the Company intends to settle tax liabilities and assets on a net basis or to realize the tax assets and liabilities simultaneously.

Deferred tax assets are recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Share-based payment transactions

The Company follows the fair value method of accounting for stock options. The fair value is measured at grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Upon exercise the stock options, the consideration received plus the amount previously recorded in contributed surplus is recorded as an increase to share capital.

TRENCH METALS CORP.
NOTES TO FINANCIAL STATEMENTS

For the years ended October 31, 2020
(In Canadian Dollars)

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

Foreign currency translation

Foreign currency denominated assets and liabilities are translated at the exchange rate prevailing at the date of the Statement of Financial Position for monetary items. Non-monetary assets and liabilities are translated at the rates prevailing at the transaction date. Revenues and expenses are translated using exchange rates prevailing at the dates of the transaction. Any exchange gain or loss that arises on translation is included in the Statement of Loss and Comprehensive Loss for the year.

Warrants

The Company accounts for warrants issued as part of a unit offering financing using the relative fair value method. Under this method, the value of warrants issued is measured at fair value at the issue date using the Black-Scholes Option-Pricing Model and recorded as share capital if and when the warrants are exercised.

Modification of share purchase warrants

The Company may modify the terms of share purchase warrants originally granted. When modifications exist, the Company will maintain the original fair value of the of the share purchase warrant.

Financial instruments

Non-derivative financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

The Company's financial instruments include cash and cash equivalents, accounts payable and due to related parties.

At initial recognition, all financial instruments are classified in one of the following categories depending on the purpose for which the instruments were acquired:

Financial assets

The Company will classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

a) Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not have any financial assets measured at amortized cost.

b) Fair value through other comprehensive income ("FVTOCI") - financial assets are classified and measured at FVTOCI if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. The Company does not have any financial assets classified as FVTOCI.

c) Fair value through profit or loss ("FVTPL") - any financial assets that are not held in one of the two business models mentioned are measured at FVTPL. The Company's cash and cash equivalents are classified as FVTPL.

When and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

TRENCH METALS CORP.
NOTES TO FINANCIAL STATEMENTS

For the years ended October 31, 2020
(In Canadian Dollars)

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

Financial instruments (continued from previous page)

Financial liabilities

The Company's financial liabilities include accounts payable and due to related parties. The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

- a) FVTPL – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of loss and comprehensive loss. The Company does not have any financial liabilities classified as FVTPL.
- b) Amortized cost – Financial liabilities that are not contingent consideration of an acquirer in a business combination, held for trading or designated as at FVTPL, are measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The Company's accounts payable and due to related parties, are classified at amortized cost.

After initial recognition, an entity cannot reclassify any financial liability.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and net investment in sublease, the Company applies the simplified approach permitted by IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognized from initial recognition.

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Earnings (Loss) per share

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the year. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.

Significant accounting judgements and estimates

The preparation of these 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 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.

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

TRENCH METALS CORP.
NOTES TO FINANCIAL STATEMENTS

For the years ended October 31, 2020
(In Canadian Dollars)

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

Significant accounting judgments and estimates (continued from previous page)

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.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended October 31, 2020, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. EXPLORATION AND EVALUATION ASSETS

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 subsequently);
- incurring exploration expenditures of \$100,000 on the Gorilla Project before the first anniversary (\$9,975 incurred);
- 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.

TRENCH METALS CORP.
NOTES TO FINANCIAL STATEMENTS

For the years ended October 31, 2020
(In Canadian Dollars)

5. 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.

6. SHARE CAPITAL

(a) Capital

Authorized: unlimited Class A common shares

As at October 31, 2020, the Company had 36,066,735 shares issued and outstanding.

During the year ended October 31, 2019:

- The Company issued 675,000 shares from the exercise of stock options for proceeds of \$40,500; and
- The Company issued 24,007,500 units at a price \$0.053 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 \$0.07 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.

In connection with the change of business described in Note 4, the Company completed a forward split of its common share capital on a 3:1 basis. The Company had 36,066,735 common shares outstanding upon completion of the forward split.

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

During the year ended October 31, 2019, the Company granted 675,000 stock options at a weighted average exercise price of \$0.06 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
Outstanding, October 31, 2018	810,000	\$ 1.03
Granted	675,000	0.06
Exercised	(675,000)	0.06
Forfeited	(810,000)	1.03
Outstanding October 31, 2019 and October 31, 2020	-	\$ -

TRENCH METALS CORP.
NOTES TO FINANCIAL STATEMENTS

For the years ended October 31, 2020
(In Canadian Dollars)

6. SHARE CAPITAL (continued from previous page)

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

	2020	2019
Risk-free interest rate	-	1.52%
Share price	-	\$0.08
Expected life of options	-	3 years
Expected annualized volatility	-	207.13%
Expected dividend rate	-	-
Fair value per option	-	\$0.07

(c) Warrants

In conjunction with a private placement that closed September 6, 2019, the Company issued 24,007,500 warrants. Each warrant can be exercised to acquire one common share at a price of \$0.07 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 952,587 warrants. Each warrant can be exercised to acquire one common share at a price of \$0.77 per share for a period of 24 months from the date of issuance of the warrants. During the year ended October 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 (\$)
Outstanding, October 31, 2018	952,587	0.77	184,440
Issued pursuant to private placement of units	24,007,500	0.07	543,400
Outstanding, October 31, 2019	24,960,087	0.10	727,840
Expired	(952,587)	0.77	(184,440)
Outstanding October 31, 2020	24,007,500	0.07	543,400

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

Number Outstanding	Weighted Average Exercise Price	Average Remaining Contractual Life (years)
24,007,500	\$0.07	0.70

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

TRENCH METALS CORP.
NOTES TO FINANCIAL STATEMENTS

For the years ended October 31, 2020
(In Canadian Dollars)

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

	2020	2019
Risk free interest rate	-	1.42%
Dividend yield	-	Nil
Forfeiture rate	-	0%
Stock price	-	\$0.06
Expected stock volatility	-	130.20%
Weighted-average expected life (years)	-	3.0

7. **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 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)		
October 31, 2020:					
Cash and cash equivalents	\$ 809,341	\$ -	\$ -		\$ 809,341
October 31, 2019:					
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 October 31, 2020, the Company has current assets of \$812,681 (2019 - \$975,763) to settle current financial liabilities of \$11,155 (2019 - \$46,611). Accounts payable and accrued liabilities generally have contractual maturities of 30 days and they are all current.

TRENCH METALS CORP.
NOTES TO FINANCIAL STATEMENTS

For the years ended October 31, 2020
(In Canadian Dollars)

7. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued from previous page)

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.

8. 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	\$ 15,726	\$ 7,563
Consulting fees	\$ 17,895	\$ 44,733

As at October 31, 2020, the Company owed \$2,100 (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.

9. GEOGRAPHICAL SEGMENTED INFORMATION

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

10. 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.

TRENCH METALS CORP.
NOTES TO FINANCIAL STATEMENTS

For the years ended October 31, 2020
(In Canadian Dollars)

11. DISCONTINUED OPERATIONS

The Company determined that as of November 1, 2018, it no longer controlled the subsidiaries comprising Novateqni USA LLC, Novateqni Hong Kong Limited, and Novateqni South Africa (Pty) Limited control was passed to the purchaser. These subsidiaries were part of the Company's one operating segment. In accordance with IFRS 10, the Company derecognized the carrying values of the assets and liabilities effective November 1, 2018. The loss on the disposition and de-recognition of the subsidiaries on the financial position of the Company on October 31, 2019 is as follows:

		2019
Consideration received or receivable	\$	-
Carrying amount of net liabilities sold		234,772
Additional costs of disposal		(39,348)
Gain on reclassification of foreign currency translation reserve		77,970
Gain on disposition	\$	273,394

12. TAXES

The following table shows the components of the current and deferred tax expense:

		2020		2019
Current tax expense	\$	-	\$	-

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2019 – 27.0%) to the effective tax rates for the year ended October 31, 2020 is described below.

		2020		2019
Loss before income taxes	\$	(117,651)	\$	(54,760)
Expected income tax recovery	\$	(32,454)	\$	(14,785)
Change in enacted tax rates		746		1,535
Net effect of deductible and non-deductible amounts		(10,573)		(13,389)
Permanent differences		-		(58,038)
Change in tax benefits not recognized		42,281		84,677
Income tax expense	\$	-	\$	-

The following table summarizes the components of deferred tax:

		2020		2019
Deferred tax assets				
Non-capital losses carried forward	\$	462,802	\$	421,233
Capital assets		10,892		10,180
Share issuance costs		3,388		3,388
Deferred tax asset not recognized		(477,082)		(434,801)
Net deferred tax asset	\$	-	\$	-

TRENCH METALS CORP.
NOTES TO FINANCIAL STATEMENTS

For the years ended October 31, 2020
(In Canadian Dollars)

12. TAXES (continued from the previous page)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets and liabilities have not been recognized in respect of the following deductible temporary differences as there is currently insufficient evidence that the deferred tax asset will be recovered.

The company has Canadian non-capital loss carry forwards of \$1,714,081 Canadian dollars (2019 - \$1,580,164) which begin to expire as follows:

	Canada (CDN)
2034	\$ 28,731
2035	429,076
2036	374,468
2037	493,799
2038	254,090
2039	133,917
No expiry	-
	\$ 1,714,081

13. SUBSEQUENT EVENT

On November 10, 2020, following the completion of the change of business described in Note 4, the Company is listed on the Exchange as a Tier 2 Mining issuer under the name "Trench Metals Corp." and the ticker symbol "TMC". In connection with the Change of Business, the Company completed a forward split of its common share capital on a three-to-one basis which resulted in the Company having 36,066,735 common shares outstanding.