
PATTERSON METALS CORP. (FORMERLY “TRENCH METALS CORP.”)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JULY 31, 2024 AND 2023

(IN CANADIAN DOLLARS)

(UNAUDITED – PREPARED BY MANAGEMENT)

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 condensed consolidated 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.

PATTERSON METALS CORP. (FORMERLY “TRENCH METALS CORP.”)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(In Canadian Dollars)
As at,

	July 31, 2024	October 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 439,501	\$ 556,652
GST receivable	5,668	4,717
	445,169	561,369
Non-current assets		
Exploration and evaluation assets (note 3)	803,827	623,827
Total Assets	\$ 1,248,996	\$ 1,185,196
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 41,990	\$ 19,525
Due to related parties (note 6)	-	5,650
Flow through share premium liability (note 8)	66,000	-
Total Liabilities	107,990	25,175
Shareholders' Equity		
Share capital (note 4)	5,962,235	5,767,957
Contributed surplus (note 4)	1,697,828	1,692,076
Deficit	(6,519,057)	(6,300,012)
Total Shareholders' Equity	1,141,006	1,160,021
Total Liabilities and Shareholders' Equity	\$ 1,248,996	\$ 1,185,196

Nature of business and going concern (Note 1)

Approved by the Board of Directors

Signed “Simon Cheng”
Director

Signed “Mark Ferguson”
Director

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

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

	Three months ended July 31,		Nine months ended July 31	
	2024	2023	2024	2023
Expenses				
Listing and filing fees	\$ 7,757	\$ 346	\$ 19,079	\$ 11,855
Consulting fees (note 6)	25,400	15,400	106,200	26,200
Office and general	24,876	402	29,769	3,583
Professional fees (note 6)	27,290	12,178	49,164	24,110
Shareholder information	4,100	750	4,100	1,000
Share-based compensation	-	651,758	-	651,758
Net loss from operations	(89,423)	(680,834)	(208,312)	(718,506)
Other Items				
Impairment of exploration and evaluation assets (note 3)	-	-	(21,500)	-
Interest income	3,102	-	10,767	-
Loss and comprehensive loss	\$ (86,321)	\$ (680,834)	\$ (219,045)	\$ (718,506)
Weighted average number of common shares outstanding – basic and diluted	5,340,391	4,897,268	5,416,633	4,894,951
Basic and fully diluted loss per share	\$ (0.02)	\$ (0.14)	\$ (0.04)	\$ (0.15)

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PATTERSON METALS CORP. (FORMERLY “TRENCH METALS CORP.”)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Prepared by Management)
(in Canadian Dollars)

	Number of shares	Share capital	Contributed surplus	Deficit	Total
Balance – October 31, 2022	4,893,773	\$ 4,820,512	\$ 1,245,953	\$ (5,313,614)	\$ 752,851
Stock options exercised	46,000	211,124	(73,124)	-	138,000
Share-based compensation	-	-	651,758	-	651,758
Net loss for the period	-	-	-	(718,506)	(718,506)
Balance – July 31, 2023	4,939,773	\$ 5,031,636	\$ 1,824,587	\$ (6,032,120)	\$ 824,103
Balance – October 31, 2023	5,235,173	\$ 5,767,957	\$ 1,692,076	\$ (6,300,012)	\$ 1,160,021
Share issued for private placement	220,000	286,000	-	-	286,000
Share issue costs	-	(91,722)	5,752	-	(85,970)
Net loss for the period	-	-	-	(219,045)	(219,045)
Balance – July 31, 2024	5,455,173	\$ 5,962,235	\$ 1,697,828	\$ (6,519,057)	\$ 1,141,006

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PATTERSON METALS CORP. (FORMERLY “TRENCH METALS CORP.”)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(Unaudited – Prepared by Management)

(in Canadian Dollars)

For the nine months July 31,

	2024	2023
Cash used in operating activities		
Net loss	\$ (219,045)	\$ (718,506)
Items not involving cash:		
Write-down of exploration and evaluation assets	21,500	-
Share-based compensation	-	651,758
Add (deduct) non-cash items		
Changes in non-cash working capital:		
GST receivable	(951)	4,435
Accounts payable and accrued liabilities	22,465	(50,025)
Due to related parties	(5,650)	(1,050)
	(181,681)	(113,388)
Cash used in investing activities		
Exploration and evaluation assets	(201,500)	(64,337)
	(201,500)	(64,337)
Cash provided by financing activities		
Stock options exercised	-	138,000
Shares issued for cash	286,000	-
Share issuance costs	(19,970)	-
	266,030	138,000
Change in cash and cash equivalents	(117,151)	(39,725)
Cash and cash equivalents, beginning	556,652	583,681
Cash and cash equivalents, end	\$ 439,501	\$ 543,956

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the period ended July 31, 2024 the Company:

- Recorded share issuance costs of \$5,752 from the fair value of 13,200 finder's warrants;
- Recorded share issuance costs of \$66,000 as a flow through share premium liability in relation to a flow through financing.

During the period ended July, 2023.

- \$73,124 was transferred to share capital for 46,000 stock options exercised.

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PATTERSON METALS CORP. (FORMERLY “TRENCH METALS CORP.”)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(In Canadian Dollars)
For the nine months ended July 31, 2024 and 2023

1. NATURE OF BUSINESS

Nature of Business and Going Concern

Patterson Metals Corp. (formerly “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). On August 30, 2024, the Company changed its name to Patterson Metals Corp.

The Company is a publicly traded company with registered office of 2200 - 885 West Georgia Street, Vancouver, BC, V6C 3E8 and head office of 250 – 750 West Pender Street, Vancouver, BC, V6C 2T7. The Company’s common shares were listed on the TSX Venture Exchange (“TSXV” or the “Exchange”) under the symbol TMC and effective September 24, 2024, commenced trading under the symbol PAT. The Company is also listed on the OTCQB under the symbol NVTQF.

On September 24, 2024, all issued and outstanding common shares of the Company were consolidated on a 10:1 basis. All references to share, option, warrant and per share amounts have been retroactively restated to reflect the share consolidation.

These condensed consolidated interim financial statements were approved by the Board of Directors on September 25, 2024.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations for the foreseeable future. As at July 31, 2024, the Company has an accumulated deficit of \$6,519,057.

and has generated negative cash flows from operations to date. All of these matters and conditions indicate the existence of a material uncertainty that may raise significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing and successfully generating positive cash flows from profitable operations.

These condensed consolidated interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed consolidated interim financial statements. Management’s plans to meet the Company’s current and future obligations are to raise equity capital through prospectus and private placements, rely on the financial support of its shareholders and parties related to the current shareholders, generate revenue from sales as well as explore other forms of financing that may be available to the Company.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements including the comparatives have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting.

Basis of consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and the entities controlled by the Company, Carter Lake Resource Corp. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Functional and presentation currency

The functional and presentation currency of the Company and its subsidiary is Canadian dollars.

Significant accounting judgements and estimates

The preparation of these condensed consolidated 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 condensed consolidated interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed consolidated interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim 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 CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
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2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting judgements and estimates(continued)

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

Asset Acquisitions

The determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The acquisition of Carter Lake was treated as an asset acquisition (Note 3).

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.

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operation expenditures and to meet its liabilities for the ensuing year, involves significant judgement based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. EXPLORATION AND EVALUATION ASSETS

	Spreckley Lake, SK, Canada	Carter Lake, SK, Canada	Higginson Lake, SK, Canada	Total
Balance, October 31, 2022	\$ -	\$ -	\$ 235,022	\$ 235,022
Acquisition costs	20,000	603,827	50,000	673,827
Exploration Costs:				
Consulting and professional	-	-	15,837	15,837
	20,000	603,827	300,859	924,686
Impairment	-	-	(300,859)	(300,859)
Balance, October 31, 2023	20,000	603,827	-	623,827
Exploration Costs:				
Consulting and professional	1,500	200,000	-	201,500
	1,500	200,000	-	201,500
Impairment	(21,500)	-	-	(21,500)
Balance, July 31, 2024	\$ -	\$ 803,827	\$ -	\$ 803,827

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3. EXPLORATION AND EVALUATION ASSETS (continued)

Higginson Lake Property

On October 14, 2021, 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 Higginson Lake project, in consideration for a series of cash payments to the optionor and the incurrence of exploration expenditures over a period of 2 years.

During the year ended October 31, 2023, the Company determined to no longer pursue exploration activities on the Higginson Lake Property and accordingly wrote-down \$300,859 of exploration and evaluation costs as at October 31, 2023.

Spreckley Lake Uranium Project

On July 21, 2023, the Company entered into a property option agreement to acquire the Spreckley Lake Uranium Project in northern Saskatchewan.

Pursuant to the terms of the option, the Company is entitled to acquire the project in consideration for completion of a series of cash payments totaling \$250,000 to the arm's length owner and incurring \$150,000 of exploration expenditures on the project over a three-year period. Following exercise of the option, the Company will grant a 1% net smelter return royalty to the Vendor, which may be acquired back from the Vendor at any time in consideration of a cash payment of \$1,000,000.

The Optionee will be deemed to have exercised the option upon completion of the following payments and exploration expenditures:

- (i) \$20,000 on the signing of the agreement (paid);
- (i) \$30,000 on or before July 21, 2024;
- (ii) \$50,000 on or before July 21, 2025;
- (iii) \$150,000 on or before July 21, 2026; and
- (iv) the Optionee incurring \$150,000 in Exploration Expenditures, on or before July 21, 2026.

During the period ended July 31, 2024, the Company determined to no longer pursue exploration activities on the Spreckley Lake Uranium Property and accordingly wrote-down \$21,500 of exploration and evaluation costs as at July 31, 2024.

Carter Lake Uranium Project

On September 14, 2023, the Company completed the acquisition of 100% of the shares of Carter Lake Resources Corp, a private British Columbia company that owns the Carter Lake Uranium Project, situated in the Athabasca basin of Saskatchewan, Canada.

In accordance with the terms of the Transaction, the Company issued 260,000 common shares to the vendor at a fair value of \$598,000.

The acquisition of Carter Lake was treated as an asset acquisition. The fair value of the assets acquired and liabilities assumed as at date of acquisition were \$nil.

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4. SHARE CAPITAL

On September 24, 2024, all issued and outstanding common shares of the Company were consolidated on a 10:1 basis. All references to share, option, warrant and per share amounts have been retroactively restated to reflect the share consolidation.

(a) Capital

Authorized: unlimited Class A common shares

As at July 31, 2024, the Company had 5,455,173 shares issued and outstanding.

During the period ended July 31, 2024, the Company closed a non-brokered private placement of 220,000 flow-through units at a price of \$1.30 for proceeds of \$286,000. Each unit consists of one flow-through common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a purchase price of \$2.00 until December 18, 2024. In relation to the private placement, the company paid \$17,160 finder's fees and issued 13,200 finder's warrants at a fair value of \$5,752 with similar terms. The Company recorded a flow through share premium liability of \$66,000 and paid an additional \$2,810 of cash share issuance costs in relation to the financing.

During the year ended October 31, 2023, 81,400 stock options were exercised for proceeds of \$244,200 and \$129,398 was transferred to share capital from contributed surplus.

(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.

The following table summarizes the continuity of stock options:

	Number of options	Weighted average exercise price \$
Balance, October 31, 2022	-	-
Granted	410,000	3.00
Exercised	(81,400)	3.00
Balance, October 31, 2023	328,600	3.00
Expired	328,600	3.00
Exercisable at July 31, 2024	-	-

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4. SHARE CAPITAL (continued)

(b) Stock option plan (continued)

During the year ended October 31, 2023, the Company granted 410,000 stock options with a fair market value of \$551,368 or \$0.16 per option which was charged to operations. The following weighted average assumptions were used for the Black-Scholes valuation of the stock options assuming no expected dividends or forfeitures:

	Year ended October 31, 2023
Share price	\$0.13
Risk-free interest rate	3.78%
Expected life (in years)	1
Expected volatility	141.56%

(c) Warrants

On December 18, 2023, the Company issued 13,200 finder's warrants at an exercise price of \$2.00 expiring on December 18, 2024. The fair value of the finder's warrants was estimated to be \$5,752 using the Black-Scholes option pricing model with the following assumptions: term of 1 year; expected volatility of 111.96%; risk-free rate of 3.99%; and expected dividends of Nil.

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

	Number of Warrants	Weighted Average Exercise Price (\$)
Outstanding October 31, 2022 and 2023	-	-
Issued	233,200	2.00
Outstanding July 31, 2024	233,200	2.00

As at July 31, 2024, the following warrants were outstanding:

Number of options outstanding	Exercise price \$	Expiry date
233,200	2.00	December 18, 2024
233,200		

5. 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).

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5. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

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, 2024:	\$ 439,501	\$ –	\$ –	\$	439,501
Cash and cash equivalents					
October 31, 2023:	\$ 556,652	\$ –	\$ –	\$	556,652
Cash and cash equivalents					

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, 2024, the Company has current assets of \$445,169 (October 31, 2023 - \$561,369) to settle current financial liabilities of \$107,990 (October 31, 2023 - \$25,175). Accounts payable 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.

6. 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:

	2024	2023
Professional fees	\$ 9,000	\$ 9,000
Consulting fees	\$ 12,600	\$ 12,600

As at July 31, 2024, the Company owed \$Nil (October 31, 2023 - \$5,650) to directors of the Company .

7. GEOGRAPHICAL SEGMENTED INFORMATION

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

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8. FLOW THROUGH SHARE PREMIUM LIABILITY

On December 18, 2023, the Company raised \$286,000 through the issuance of 220,000 flow-through units at a price of \$1.30 per unit. A flow-through liability of \$66,000 was recognized on the issuance date. As of July 31, 2024, \$286,000 remains to be spent on qualifying expenditures by December 18, 2025.