

## **TRENCH METALS CORP.**

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

This Management's Discussion & Analysis ("MD&A") was prepared as of February 23, 2024 to assist readers in understanding the financial performance of Trench Metals Inc. (the "Company") for the year ended October 31, 2023. This MD&A should be read in conjunction with the Company's consolidated financial statements for the year ended October 31, 2023 and the audited consolidated financial statements for the year ended October 31, 2023.

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

### **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).

The Company completed its acquisition (the "Transaction") of Carter Lake Resource Corp. ("Carter Lake"), a private British Columbia company that owns the Carter Lake Uranium Project, situated in the Athabasca basin of Saskatchewan, Canada.

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 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**

#### ***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.

#### ***Carter Lake Uranium Project***

On September 14, 2023, the Company completed its Transaction of Carter Lake, 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 2,600,000 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.

### ***Higginson Lake Property, Saskatchewan***

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 as follows:

- a cash payment of \$50,000 upon signing the agreement (paid), and of \$100,000, after the six months of signing the agreement (amended below);
- a further cash payment of \$200,000, twelve months after the signing of the agreement.
- incurring exploration expenditures of \$85,000 on the Higginson Lake Project on or before the first anniversary and of \$115,000 on or before the second anniversary;

Following exercise of the Option, the Optionee will pay a 1% Net Smelter Royalty to the Optionor upon Commencement of Commercial Production. The Optionee will have the right to purchase from the Optionor the 1% Net Smelter Royalty, at a cost of \$1,000,000.

On August 25, 2023, the Company entered into a fourth amended option agreement, whereas the consideration is as follows:

- a cash payment of \$50,000 upon signing the agreement (paid), and of \$50,000, after the six months of signing the agreement (paid);
- further cash payments of \$25,000 each on or before October 14, 2022 (paid), January 14, 2023 (paid), April 14, 2023 (paid) and January 14, 2024 (not paid) respectively;
- a cash payment of \$100,000 on or before April 14, 2024 and \$200,000 on or before October 14, 2024; and
- incurring exploration expenditures of \$100,000 on the project on or before October 14, 2022 (incurred) and \$100,000 on or before April 14, 2024.

Subsequent to 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.

Dr. Peter Born, P.Geol., is the designated qualified person as defined by National Instrument 43-101 and is responsible for, and has approved, the technical information contained in this MD&A.

## **Results of Operations**

### ***For the year ended October 31, 2023***

Operating expenses were \$690,011 for the year ended October 31, 2023 compared to \$180,218 for the year ended October 31, 2022. Variances are detailed as follows:

- Professional fees were \$50,254 for the year ended October 31, 2023 compared to \$71,604 for the year ended October 31, 2022. The decrease is due to legal fees incurred in the previous year, related to the mineral properties activities.
- Share-based compensation was \$551,368 for the year ended October 31, 2023 compared to \$nil for the year ended October 31, 2022. During the current year the Company granted 4,100,000 stock options fair valued using the Black Scholes Pricing Model.
- During the six months ended October 31, 2023, the Company recorded an impairment of \$300,859 on its Higginson Lake, SK, Canada in the current period (2022 - Gorilla Lake property - \$114,781).

### **For the three months ended October 31, 2023**

Operating expenses were \$28,495 recovery for the three months ended October 31, 2023 compared to expenses of \$46,227 for the three months ended October 31, 2022. Variances are detailed as follows:

- Management and consulting fees were \$40,400 for the three months ended October 31, 2023 compared to \$4,200 for the three months ended October 31, 2022. The increase is due to the addition of a new consultant in the current period.
- During the three months ended October 31, 2023, the Company recorded an impairment of \$300,859 on its Higginson Lake, SK, Canada in the current period (2022 - Gorilla Lake property - \$114,781).

### **Summary of Quarterly Results**

	October 2023	July 2023	April 2023	January 2023	October 2022	July 2022	April 2022	January 2022
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Net loss	\$ (267,892)	\$ (680,834)	\$ (24,285)	\$ (13,387)	\$ (161,008)	\$ (25,826)	\$ (32,661)	\$ (75,505)
Net loss per share	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)

### **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 October 31, 2023 the Company had cash on hand totalling \$556,652 (2022 - \$583,681). Liabilities for the year ended October 31, 2023 were \$25,175 (2022 - \$71,884).

For the year ended October 31, 2023, working capital was \$536,194.

During the year ended October 31, 2023, 814,000 stock options were exercised for proceeds of \$349,445.

In December 2023, the Company closed a non-brokered private placement of 2,200,000 flow-through units at a price of \$0.13 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 \$0.20 until December 18, 2024. In relation to the private placement, the company paid \$17,160 finder's fees and issued 132,000 finder's warrants with similar terms.

### **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 year was as follows:

	2023	2022
Professional fees	\$ 12,000	\$ 12,000
Consulting fees	\$ 21,800	\$ 16,800

As at October 31, 2023, the Company owed \$5,650 (2022 - \$1,050) to directors of the Company.

During the year ended October 31, 2023, the Company granted stock options to key management valued at \$221,909 (2022 - \$Nil).

## Financial Instruments and Risk Factors

Please refer to the consolidated financial statements for the year ended October 31, 2023.

## New and amended IFRS standards

There were no new and amended IFRS standards adopted during the year ended October 31, 2023.

## 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 October 31, 2023 the Company's shareholders' equity was \$1,160,021 (2022 - \$752,851). As at October 31, 2023 the Company had current liabilities of \$25,175 (2022 - \$71,844). 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:

	Number
Class A Common Shares	54,551,735
Stock Options	3,286,000
Warrants	2,332,000

## 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 consolidated 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 October 31, 2023 consolidated 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.sedarplus.ca](http://www.sedarplus.ca).

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

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management's expectations regarding the Company's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

In making and providing the forward-looking information included in this MD&A the Company's assumptions may include among other things: (i) assumptions about the price of base metals; (ii) that there are no material delays in the optimization of operations at the properties; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of base metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A (See "Risks and Uncertainties") contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

## **RISKS AND UNCERTAINTIES**

*Our exploration programs may not result in a commercial mining operation.*

Mineral exploration involves significant risk because few properties that are explored contain bodies of ore that would be commercially economic to develop into producing mines. Our exploration and evaluation assets are without a known body of commercial ore and our proposed programs are an exploratory search for ore. We do not know whether our current exploration programs will result in any commercial mining operation. If the exploration programs do not result in the discovery of commercial ore, we will be required to acquire additional properties and write-off all of our investments in our existing properties.

*We may not have sufficient funds to complete further exploration programs.*

We have limited financial resources, do not generate operating revenue and must finance our exploration activity by other means. We do not know whether additional funding will be available for further exploration of our projects or to fulfill our anticipated obligations under our existing property agreements. If we fail to obtain additional financing, we will have to delay or cancel further exploration of our properties, and we could lose all of our interest in our properties.

*Factors beyond our control may determine whether any mineral deposits we discover are sufficiently economic to be developed into a mine.*

The determination of whether our mineral deposits are economic is affected by numerous factors beyond our control. These factors include market fluctuations for precious metals; metallurgical recoveries associated with the mineralization; the proximity and capacity of natural resource markets and processing equipment; costs of access and surface rights; and government regulations governing prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

*We have no revenue from operations and no ongoing mining operations of any kind.*

We are a mineral exploration company and have no revenues from operations and no ongoing mining operations of any kind. If our exploration programs successfully locate an economic ore body, we will be subject to additional risks associated with mining.

We will require additional funds to place the ore body into commercial production. Substantial expenditures will be required to establish ore reserves through drilling, develop metallurgical processes to extract the metals from the ore and construct the mining and processing facilities at any site chosen for mining. We do not know whether additional financing will be available at all or on acceptable terms. If additional financing is not available, we may have to postpone the development of, or sell, the property.

The majority of our property interests is not located in developed areas and as a result may not be served by appropriate road access, water and power supply and other support infrastructure. These items are often needed for development of a commercial mine. If we cannot procure or develop roads, water, power and other infrastructure at a reasonable cost, it may not be economic to develop properties, where our exploration has otherwise been successful, into a commercial mining operation.

In making determinations about whether to proceed to the next stage of development, we must rely upon estimated calculations as to the mineral reserves and grades of mineralization on our properties. Until ore is actually mined and processed, mineral reserves and grades of mineralization must be considered as estimates only. Any material changes in mineral reserve estimates and grades of mineralization will affect the economic viability of the placing of a property into production and a property's return on capital.

Mining operations often encounter unpredictable risks and hazards that add expense or cause delay. These include unusual or unexpected geological formations, changes in metallurgical processing requirements; power outages, labor disruptions, flooding, explosions, rock bursts, cave-ins, landslides and inability to obtain suitable or adequate machinery, equipment or labor. We may become subject to liabilities in connection with pollution, cave-ins or hazards against which we cannot insure against or which we may elect not to insure. The payment of these liabilities could require the use of financial resources that would otherwise be spent on mining operations.

Mining operations and exploration activities are subject to national and local laws and regulations governing prospecting, development, mining and production, exports and taxes, labor standards, occupational health and mine safety, waste disposal, toxic substances, land use and environmental protection. In order to comply, we may be required to make capital and operating expenditures or to close an operation until a particular problem is remedied. In addition, if our activities violate any such laws and regulations, we may be required to compensate those suffering loss or damage, and may be fined if convicted of an offence under such legislation.

*Our properties may be subject to uncertain title.*

We cannot provide assurance that title to our properties will not be challenged. We own, lease or have under option, unpatented and patented mining claims, mineral claims or concessions which constitute our property holdings. The ownership and validity, or title, of unpatented mining claims and concessions are often uncertain and may be contested. We also may not have, or may not be able to obtain, all necessary surface rights to develop a property. Title insurance is generally not available for exploration and evaluation assets and our ability to ensure that we have obtained a secure claim to individual mining properties or mining concessions may be severely constrained. We have not conducted surveys of all of the claims in which we hold direct or indirect interests. A successful claim contesting our title to a property will cause us to lose our rights to explore and, if warranted, develop that property. This could result in our not being compensated for our prior expenditures relating to the property.

*Land reclamation requirements for our exploration properties may be burdensome.*

Although variable depending on location and the governing authority, land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance. Reclamation may include requirements to control dispersion of potentially deleterious effluents and reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out reclamation obligations imposed on us in connection with our mineral exploration, we must allocate financial resources that might otherwise be spent on further exploration programs.

*We face industry competition in the acquisition of exploration properties and the recruitment and retention of qualified personnel.*

We compete with other exploration companies, many of which have greater financial resources than us or are further along in their development, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. If we require and are unsuccessful in acquiring additional exploration and evaluation assets or personnel, we will not be able to grow at the rate we desire or at all.

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, interest rate risk, and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.