
TRENCH METALS CORP.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022
(IN CANADIAN DOLLARS)

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Trench Metals Corp.

Opinion

We have audited the consolidated financial statements of Trench Metals Corp. and its subsidiary (the "Company") which comprise the consolidated statement of financial position as at October 31, 2023 and 2022, and the consolidated statements of 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 (together, the "Financial Statements").

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the Company as at October 31, 2023 and 2022, 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 audit 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 audit 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying Financial Statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for the year ended October 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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 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 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 Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Artem Valeev.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
February 23, 2024

TRENCH METALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Canadian Dollars)

As at October 31,

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 556,652	\$ 583,681
GST receivable	4,717	6,032
	561,369	589,713
Non-current assets		
Exploration and evaluation assets (note 3)	623,827	235,022
Total Assets	\$ 1,185,196	\$ 824,735
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 19,525	\$ 70,834
Due to related parties (note 6)	5,650	1,050
Total Liabilities	25,175	71,884
Shareholders' Equity		
Share capital (note 4)	5,767,957	4,820,512
Contributed surplus (note 4)	1,692,076	1,245,953
Deficit	(6,300,012)	(5,313,614)
Total Shareholders' Equity	1,160,021	752,851
Total Liabilities and Shareholders' Equity	\$ 1,185,196	\$ 824,735

Nature of business and going concern (Note 1)

Subsequent event (Note 9)

Approved by the Board of Directors

Signed "Simon Cheng"

Director

Signed "Mark Ferguson"

Director

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

TRENCH METALS CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(In Canadian Dollars)

For the years ended October 31,

	2023	2022
Expenses		
Listing and filing fees	\$ 15,832	\$ 12,903
Management and consulting fees (note 6)	66,600	74,494
Office and general	4,057	6,688
Professional fees (note 6)	50,254	71,604
Shareholder information	1,900	14,529
Share-based compensation (note 4)	551,368	-
Net loss from operations	(690,011)	(180,218)
Other Items		
Impairment of exploration and evaluation assets (note 3)	(300,859)	(114,781)
Interest income	4,472	-
Loss and comprehensive loss	\$ (986,398)	\$ (294,999)
Weighted average number of common shares outstanding – basic and diluted	49,484,850	42,257,899
Basic and fully diluted loss per share	\$ (0.02)	\$ (0.01)

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

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

	Number of shares	Share capital	Warrants	Contributed surplus	Deficit	Total
Balance – October 31, 2021	40,350,735	\$ 4,025,202	\$ 446,504	\$ 993,669	\$ (5,018,615)	\$ 446,760
Warrants exercised	8,587,000	795,310	(194,220)	-	-	601,090
Warrants expired	-	-	(252,284)	252,284	-	-
Net loss for the year	-	-	-	-	(294,999)	(294,999)
Balance – October 31, 2022	48,937,735	4,820,512	-	1,245,953	(5,313,614)	752,851
Shares issued for exploration and evaluation asset	2,600,000	598,000	-	-	-	598,000
Stock options exercised	814,000	349,445	-	(105,245)	-	244,200
Share-based compensation	-	-	-	551,368	-	551,368
Net loss for the year	-	-	-	-	(986,398)	(986,398)
Balance – October 31, 2023	52,351,735	\$ 5,767,957	\$ -	\$ 1,692,076	\$ (6,300,012)	\$ 1,160,021

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

TRENCH METALS CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS

(in Canadian Dollars)
For the Years ended October 31 ,

	2023	2022
Cash used in operating activities		
Net loss	\$ (986,398)	\$ (294,999)
Items not involving cash:		
Share-based compensation	551,368	-
Impairment of exploration and evaluation assets	300,859	114,781
Add (deduct) non-cash items		
Changes in non-cash working capital:		
GST receivable	1,315	(4,977)
Prepays	-	57,694
Accounts payable and accrued liabilities	(57,136)	11,133
Due to related parties	4,600	1,050
	(185,392)	(115,318)
Cash used in investing activities		
Exploration and evaluation assets	(85,837)	(146,485)
	(85,837)	(146,485)
Cash provided by financing activities		
Warrants exercised	-	601,090
Stock options exercised	244,200	-
	244,200	601,090
Change in cash and cash equivalents	(27,029)	339,287
Cash and cash equivalents, beginning	583,681	244,394
Cash and cash equivalents, end	\$ 556,652	\$ 583,681

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended October 31, 2023:

- \$598,000 was recorded as the fair value of 2,600,000 shares issued for an exploration and evaluation asset; and
- \$105,245 was transferred to share capital for 814,000 stock options exercised.

During the year ended October 31, 2022:

- \$194,220 was transferred to share capital for 8,587,000 warrants exercised; and
- \$43,264 of exploration and evaluation assets are included in accounts payable.

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

TRENCH METALS CORP.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended October 31, 2023 and 2022

1. NATURE OF BUSINESS

Nature of Business and Going Concern

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.

These consolidated financial statements were approved by the Board of Directors on February 23, 2024.

These consolidated 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 October 31, 2023, the Company has an accumulated deficit of \$6,300,012 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 consolidated 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 consolidated 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 consolidated financial statements including the comparatives 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, 2023.

Basis of consolidation

These consolidated 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 consolidated 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.

Exploration and evaluation assets

Pre-exploration costs

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

TRENCH METALS CORP.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended October 31, 2023 and 2022

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

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 excess cash accounted for as 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.

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.

TRENCH METALS CORP.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended October 31, 2023 and 2022

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

Impairment of non-financial assets (continued)

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.

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.

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.

TRENCH METALS CORP.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended October 31, 2023 and 2022

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

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.

Financial instruments

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 statements of financial position at fair value with changes in fair value recognized in the 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.

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

TRENCH METALS CORP.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended October 31, 2023 and 2022

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

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 consolidated 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 consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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 consolidated 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.

TRENCH METALS CORP.
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

(In Canadian Dollars)

For the years ended October 31, 2023 and 2022

3. EXPLORATION AND EVALUATION ASSETS

	Spreckley Lake, SK, Canada	Carter Lake, SK, Canada	Gorilla Lake, SK, Canada	Higginson Lake, SK, Canada	Total
Balance, October 31, 2021	\$ -	\$ -	\$ 105,362	\$ 50,000	\$ 155,362
Acquisition costs	-	-	-	77,154	77,154
Exploration Costs:					
Consulting and professional	-	-	9,419	107,868	117,287
	-	-	114,781	235,022	349,803
Impairment	-	-	(114,781)	-	(114,781)
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

Gorilla Lake Property

On August 13, 2020, the Company entered into a definitive property option agreement with an arm's length party, pursuant to which the Company was granted the right to acquire a 100% interest on the Gorilla Project, in consideration for a series of cash payments to the optionor and the incurrence of exploration expenditures over a period of 3 years. During the year ended October 31, 2022 the Company determined to no longer pursue exploration activities on the Gorilla Lake Property and accordingly wrote-down \$114,781 of exploration and evaluation costs.

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 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.

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3. EXPLORATION AND EVALUATION ASSETS (continued)

Higginson Lake Property (continued)

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.

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 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 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 asset acquired as at date of acquisition was \$603,827. There were no other assets acquired or assumed as at date of acquisition.

4. SHARE CAPITAL

(a) Capital

Authorized: unlimited Class A common shares

As at October 31, 2023, the Company had 52,351,735 shares issued and outstanding.

During the year ended October 31, 2023, 814,000 stock options were exercised for proceeds of \$244,200 and \$105,245 was transferred to share capital from contributed surplus.

During the year ended October 31, 2022, 8,587,000 warrants were exercised for proceeds of \$601,090 and \$194,220 was transferred to share capital from warrants reserve.

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4. SHARE CAPITAL (continued)

(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 and 2021	-	-
Granted	4,100,000	0.30
Exercised	(814,000)	0.30
Balance, October 31, 2023	3,286,000	0.30
Exercisable at October 31, 2023	3,286,000	0.30

As at October 31, 2023, the following options were outstanding:

Number of options outstanding	Exercise price \$	Expiry date
1,096,000	0.30	June 29, 2024
2,190,000	0.30	July 10, 2024
<u>3,286,000</u>		

During the year ended October 31, 2023, the Company granted 4,100,000 stock options with a fair market value of \$551,368 or \$0.13 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	Year ended October 31, 2022
Share price	\$0.30	
Risk-free interest rate	3.78%	-
Expected life (in years)	1	-
Expected volatility	141.56%	-

(c) Warrants

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

	Number of Warrants	Weighted Average Exercise Price (\$)	Total (\$)
Outstanding October 31, 2021	19,723,500	0.07	446,504
Exercised	(8,587,000)	0.07	(194,220)
Expired/cancelled	(11,136,500)	0.07	(252,284)
Outstanding October 31, 2022 and October 31, 2023	-	-	-

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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).

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)		
October 31, 2023:					
Cash and cash equivalents	\$ 556,652	\$ –	\$ –	\$ –	\$ 556,652
October 31, 2022:					
Cash and cash equivalents	\$ 583,681	\$ –	\$ –	\$ –	\$ 583,681

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, 2023, the Company has current assets of \$561,369 (2022 - \$589,713) to settle current financial liabilities of \$25,175 (2022 - \$71,884). 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.

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6. 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:

	<u>2023</u>		<u>2022</u>	
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).

7. GEOGRAPHICAL SEGMENTED INFORMATION

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

8. TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27% (2022 – 27%) to the effective tax rates for the year ended October 31, 2023 is described below.

	<u>2023</u>		<u>2022</u>	
Loss before income taxes	\$	(986,398)	\$	(294,999)
Expected income tax recovery		(266,337)		(79,650)
Permanent and other differences		63,456		420
Change in tax benefits not recognized		202,881		79,230
Income tax expense	\$	-	\$	-

The following table summarizes the components of deferred tax:

	<u>2023</u>		<u>2022</u>	
Deferred tax assets				
Non-capital losses carried forward	\$	853,338	\$	693,876
Capital assets		10,892		10,892
Exploration and evaluation assets		74,410		30,991
Share issuance costs		1,694		1,694
Deferred tax asset not recognized		(940,334)		(737,453)
Net deferred tax asset	\$	-	\$	-

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.

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8. TAXES (continued)

The company has Canadian non-capital loss carry forwards of \$2,729,373 Canadian dollars (2022 - \$2,569,911) which begin to expire as follows:

	Canada (CDN)
2034	\$ 28,731
2035	429,076
2036	374,468
2037	493,799
2039	254,090
2040	133,917
2041	670,895
2042	344,397
	\$ 2,729,373

9. SUBSEQUENT EVENT

Subsequent to October 31, 2023, the Company:

- a) 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.