



# **Trigon Metals Inc.**

## **Condensed Interim Consolidated Financial Statements**

*For the three and six months ended September 30, 2018 and 2017*

*(Expressed in Canadian Dollars)*

## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated 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 condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

**Trigon Metals Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Expressed in Canadian dollars - unaudited)

As at	Notes	September 30, 2018	March 31, 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 9,895	\$ 28,138
Amounts receivable	4	90,302	103,334
Prepaid expenses		7,779	16,111
<b>Total current assets</b>		<b>107,976</b>	<b>147,583</b>
<b>Non-current Assets</b>			
Property and equipment	5	349,885	352,786
<b>Total Assets</b>		<b>\$ 457,861</b>	<b>\$ 500,369</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7,13	\$ 841,974	\$ 576,202
Bridge financing	8	1,022,451	-
<b>Total Liabilities</b>		<b>1,864,425</b>	<b>576,202</b>
<b>EQUITY (DEFICIENCY)</b>			
<b>Equity attributable to shareholders of Trigon Metals Inc.:</b>			
Share capital	11	34,762,335	34,762,335
Warrants	12	920,985	920,985
Contributed surplus	12	910,445	828,593
Deficit		(37,655,586)	(36,258,189)
<b>Total equity attributable to shareholders of Trigon Metals Inc.</b>		<b>(1,061,821)</b>	<b>253,724</b>
Non-controlling interest		(344,743)	(329,557)
<b>Total Deficiency</b>		<b>(1,406,564)</b>	<b>(75,833)</b>
<b>Total Liabilities and Deficiency</b>		<b>\$ 457,861</b>	<b>\$ 500,369</b>

Nature of operation and going concern (note 1)  
Commitments and contingencies (note 14)  
Subsequent events (note 15)

Approved by the Board of Directors on November 21, 2018.

*"Stephan Theron"*

Stephan Theron  
Director

*"Mark Eaton"*

Mark Eaton  
Director

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

## Trigon Metals Inc.

### Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars - unaudited)

	Notes	Three months ended September 30,		Six months ended September 30,	
		2018	2017	2018	2017
<b>Expenses</b>					
Consulting fees	13	\$ 199,879	\$ 687,083	\$ 386,740	\$ 885,028
Professional fees		15,528	12,315	38,779	32,839
Share-based payments	12	2,657	256,648	81,852	317,212
Travel and related costs		1,151	28,153	13,054	86,478
Shareholder communications and filing fees		15,252	26,451	37,807	52,336
General and administrative costs		52,180	50,688	103,673	82,892
Exploration and evaluation expenditures	6	268,681	261,065	738,756	621,161
Depreciation	5	516	884	2,294	2,045
Foreign exchange loss (gain)		319	(913)	(5,895)	(716)
Total expenses		\$ 556,163	\$ 1,322,374	\$ 1,397,060	\$ 2,079,275
<b>Other items</b>					
Other income		420	4,608	1,933	4,608
Interest expense	8	(15,051)	-	(17,451)	-
Loss on disposal of equipment	5	(5)	-	(5)	-
<b>Net loss and comprehensive loss</b>		<b>\$ (570,799)</b>	<b>\$ (1,317,766)</b>	<b>\$ (1,412,583)</b>	<b>\$ (2,074,667)</b>
<b>Net loss and comprehensive loss attributable to:</b>					
Shareholders of Trigon Metals Inc.		\$ (569,695)	(1,314,319)	\$ (1,397,397)	\$ (2,055,163)
Non-controlling interest		(1,104)	(3,447)	(15,186)	(19,504)
		<b>\$ (570,799)</b>	<b>\$ (1,317,766)</b>	<b>\$ (1,412,583)</b>	<b>\$ (2,074,667)</b>
<b>Loss per share</b>					
Basic and diluted		(0.02)	(0.06)	(0.05)	(0.10)
<b>Weighted average number of common shares outstanding</b>					
Basic and diluted		27,253,795	22,422,818	27,253,795	20,590,691

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

**Trigon Metals Inc.**  
**Condensed Interim Consolidated Statements of Changes in (Deficiency) Equity**

(Expressed in Canadian dollars - unaudited)

	Notes	Attributable to equity owners of Trigon Metals Inc.					Total shareholders' equity	Non- Controlling Interest	Total equity
		Number of common shares	Share Capital	Contributed surplus	Warrants	Deficit			
Balance as at March 31, 2017		18,205,463	\$ 32,429,180	\$ 932,686	\$ 404,821	\$ (33,118,824)	\$ 647,863	\$ (121,091)	\$ 526,772
Net loss for the period		-	-	-	-	(2,055,163)	(2,055,163)	(19,504)	(2,074,667)
Private placement		6,581,667	1,974,500	-	-	-	1,974,500	-	1,974,500
Warrants issued		-	(461,928)	-	461,928	-	-	-	-
Share and warrants issued costs		-	(21,447)	-	(6,658)	-	(28,105)	-	(28,105)
Share-based payments	12	-	-	308,672	-	-	308,672	-	308,672
Expired options		-	-	(305,605)	-	305,605	-	-	-
<b>Balance as at September 30, 2017</b>		<b>24,787,130</b>	<b>\$ 33,920,305</b>	<b>\$ 935,753</b>	<b>\$ 860,091</b>	<b>\$ (34,868,382)</b>	<b>\$ 847,767</b>	<b>\$ (140,595)</b>	<b>\$ 707,172</b>
Balance as at March 31, 2018		27,253,795	\$ 34,762,335	\$ 828,593	\$ 920,985	\$ (36,258,189)	\$ 253,724	\$ (329,557)	\$ (75,833)
Net loss for the period		-	-	-	-	(1,397,397)	(1,397,397)	(15,186)	(1,412,583)
Share-based payments	12	-	-	81,852	-	-	81,852	-	81,852
<b>Balance as at September 30, 2018</b>		<b>27,253,795</b>	<b>\$ 34,762,335</b>	<b>\$ 910,445</b>	<b>\$ 920,985</b>	<b>\$ (37,655,586)</b>	<b>\$ (1,061,821)</b>	<b>\$ (344,743)</b>	<b>\$ (1,406,564)</b>

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

**Trigon Metals Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Expressed in Canadian dollars - unaudited)

		Six months ended September 30,	
	Notes	2018	2017
<b>Cash provided by (used in):</b>			
<b>Operating activities</b>			
Net loss for the period		\$ (1,412,583)	\$ (2,074,667)
Adjustments for items not affecting cash:			
Share-based payments	12	81,850	317,212
Depreciation	5	2,294	2,045
Interest expense	8	17,451	-
Loss on disposal of asset		5	-
Net cash from operating activities before changes in working capital		(1,310,983)	(1,755,410)
Net changes in non-cash working capital			
Change in amounts receivable		13,032	(196,485)
Change in prepaid expenses		8,332	(80,859)
Change in accounts payable and accrued liabilities		265,774	(17,867)
<b>Net cash flows (used in) operating activities</b>		<b>(1,023,845)</b>	<b>(2,050,621)</b>
<b>Investing activities</b>			
Purchase of property and equipment	5	-	(5,480)
Proceeds on disposal of equipment	5	602	-
Decreased in restricted cash		-	30,000
<b>Net cash flows provided by investing activities</b>		<b>602</b>	<b>24,520</b>
<b>Financing activities</b>			
Shares issued from private placements		-	1,974,500
Share and warrant issuance costs		-	(28,105)
Bridge financing	8	1,005,000	-
<b>Net cash flows provided by financing activities</b>		<b>1,005,000</b>	<b>1,946,395</b>
Increase (decrease) in cash during the period		(18,243)	(79,706)
Cash - Beginning of period		28,138	391,870
<b>Cash - End of period</b>		<b>\$ 9,895</b>	<b>\$ 312,164</b>

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

## **Trigon Metals Inc.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

For the three and six months ended September 30, 2018 and 2017

(Expressed in Canadian dollars – unaudited)

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Trigon Metals Inc. (the “Company” or “Trigon”) was incorporated under the Business Corporations Act of Canada on April 1, 2005. On December 28, 2016, the Company changed its name from Kombat Copper Inc. to Trigon Metals Inc. and its stock symbol from “KBT” to “TM”. The Company’s head office is located at 65 Queen Street West, Suite 805, Toronto, Ontario, M5H 2M5.

These condensed interim consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on November 21, 2018.

The principal business activities of Trigon and its subsidiaries (collectively, the “Company”) are the acquisition, maintenance, exploration and development of mines and mineral properties in the African country of Namibia. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Significant time and major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The recoverability of the amounts shown for property and equipment is dependent upon the Company obtaining the necessary financing to complete the exploration, evaluation and development of its properties, the discovery of economically recoverable reserves and future profitable operations.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, indigenous claims, and non-compliance with regulatory, social and environmental requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. A different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2018, the Company had negative working capital of \$(1,756,449) compared with negative working capital of \$(428,619) as at March 31, 2018 and in the six months ended September 30, 2018, the Company incurred a net loss of \$1,412,583 (2017: \$2,074,667). The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with current cash on hand, potential proceeds from the exercise of warrants/stock options, further private placements and borrowings, if available. During the six months ended September 30, 2018, the Company was able to raise funds through debt financing (see Note 8) and raised funds through equity financing subsequent to September 30, 2018. However, there is no assurance that additional financing will be available on terms acceptable to the Company, or at all. If additional financing is not available to the Company, there will be material uncertainty, casting significant doubt about the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities that would be necessary should the Company be unable to continue operations. Such adjustments could be material.

## **Trigon Metals Inc.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

For the three and six months ended September 30, 2018 and 2017

(Expressed in Canadian dollars – unaudited)

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## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of compliance**

These condensed interim consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and have been prepared in accordance with accounting policies based on International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretation Committee (“IFRIC”) interpretations.

The policies set out in the Company’s Annual Consolidated Financial Statements for the year ended March 31, 2018 were consistently applied to all the periods presented unless otherwise noted below.

### **Basis of preparation**

These condensed interim consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

### **Basis of Consolidation**

These condensed interim consolidated financial statements incorporate the accounts of Trigon Metals Inc. and its subsidiaries, PNT Financeco Corp. (Barbados) 100%, Kombat Holdings Namibia (Pty) Ltd. (Namibia) 100%, Kombat Copper Mine (Pty) Ltd. (Namibia) 100%, and Trigon Mining (Namibia) (Pty) Ltd. (“TMN”) (Namibia) 80%. All intercompany transactions, balances, income and expenses are eliminated on consolidation. The 20% of TMN not owned by the Company is owned by the Namibia State Mining Company and a local Namibian partner.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The condensed interim consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

For non-wholly owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as “non-controlling interests” in the equity section of the condensed interim consolidated statement of financial position. Profit for the period that is attributable to non-controlling interests is calculated based on the ownership of the minority shareholders in the subsidiary. Warrants and stock options issued by subsidiaries, exercisable into subsidiary shares, are presented as a component of non-controlling interest in the condensed interim consolidated statement of financial position.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Company ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

## **Trigon Metals Inc.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

For the three and six months ended September 30, 2018 and 2017

(Expressed in Canadian dollars – unaudited)

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## **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Basis of Consolidation (Continued)**

The partial disposal of an interest resulting in loss of control meets the definition of a disposal group. A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the condensed interim consolidated statement of loss.

### **Changes in accounting policies**

During fiscal 2019, the Company has adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These include IFRS 2, 9 and IFRIC 22. The new standards and changes did not have any material impact on the Company's condensed interim consolidated financial statements.

#### *New and future accounting changes*

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for annual accounting periods beginning on January 1, 2019 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

IFRS 16 – Leases (“IFRS 16”) was issued by the IASB on January 13, 2016 and will replace existing lease guidance in IFRS and related interpretations and requires companies to bring most leases on balance sheet. The new standard is effective for annual periods beginning on or after January 1, 2019.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019.

## **3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS**

The preparation of the condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results may differ from these estimates.

## Trigon Metals Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2018 and 2017

(Expressed in Canadian dollars – unaudited)

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#### 3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (CONTINUED)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant areas of judgement and estimation uncertainty considered by management in preparing the condensed interim consolidated financial statements include:

##### *Critical judgment in applying accounting policies:*

- Assets' carrying values and impairment charges

Events or changes in circumstances can give rise to significant impairment charges or reversals of impairment in a particular year. Management exercises its judgment in determining when such events or changes in circumstances have arisen and where such circumstances evidence a significant or prolonged decline of fair value on assets indicating impairment.

- Control of subsidiaries

The Company consolidates subsidiaries over which it has control. Management assesses control in accordance with IFRS 10 - Consolidated Financial Statements and has determined it controls each of its subsidiaries.

- Determination of functional currency

Based on the primary indicators in IAS 21 – The Effects of Change in Foreign Exchange Rates – the Canadian dollar has been determined as the functional currency of the Company and all subsidiaries as the Canadian dollar is the currency in which funds from financing activities (i.e. issuing debt and equity instruments) are generated and because the activities of the foreign operation are carried out as an extension of the reporting entity, rather than being carried out with a significant degree of autonomy. Effects of changes in foreign exchange rates are recorded as foreign exchange gain (loss) on the statement of loss. If the functional currency of the Namibian entities had been the Namibian dollar, the effect of changes in foreign exchange rates would have been reflected as other comprehensive income and carried as a cumulative translation adjustment within accumulated other comprehensive income in the equity section of the condensed interim consolidated statement of financial position.

##### *Key sources of estimation uncertainty:*

- Depreciation rates

All property, plant and equipment, with the exception of land and buildings, are depreciated on a straight-line basis over three to five years, which the Company believes is the best approximation of the asset utility to the Company. If the estimated life had been longer than management's estimate, the carrying amount of the asset would have been higher.

- Assets' carrying values and impairment charges

The determination of carrying values and impairment charges and their individual assumptions require that management make an estimate based on the best available information at each reporting period. Under situations where management has determined indicators of impairment are present, an impairment assessment will be performed by management whereupon management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets.

## Trigon Metals Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2018 and 2017

(Expressed in Canadian dollars – unaudited)

#### 3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (CONTINUED)

##### *Key sources of estimation uncertainty (continued)*

- Mineral Reserve and Mineral Resource Estimates

The figures for Mineral Reserves and Mineral Resources are determined in accordance with National Instrument 43-101, “Standards of Disclosure for Mineral Projects”, issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating Mineral Reserves and Mineral Resources, including many factors beyond the Company’s control.

Such estimation is a subjective process, and the accuracy of any Mineral Reserve or Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management’s assumptions, including economic assumptions such as metal prices and market conditions, and future circumstances could have a material effect in the future on the Company’s financial position and results of operation.

- Share-based payment transactions

The Company records share-based compensation at fair value over the vesting period. The fair value of the grant is determined using the Black-Scholes options pricing model and management assumptions including the expected dividend yield, expected volatility, forfeiture rate, risk free rate and expected life. Should the underlying assumptions change, it will impact the fair value of the share-based compensation. Similar calculations are made in order to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Taxes, income taxes and deferred taxes

The Company is subject to income and other taxes in various jurisdictions. Significant judgment is required in determining the Company’s provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

The determination of the Company’s income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company’s interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax filings are subject to audit and potential reassessment subsequent to the financial statement reporting period. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. Any estimates for value added and withholding taxes have been included in amounts receivable or accounts payable and accrued liabilities.

- Contingencies

Refer to Note 14.

#### 4. AMOUNTS RECEIVABLE

	September 30, 2018		March 31, 2018	
Sales taxes receivable	\$	84,834	\$	94,706
Other		5,468		8,628
	\$	90,302	\$	103,334

**Trigon Metals Inc.****Notes to the Condensed Interim Consolidated Financial Statements**

For the three and six months ended September 30, 2018 and 2017

(Expressed in Canadian dollars – unaudited)

**5. PROPERTY AND EQUIPMENT**

Property and equipment are carried at cost less accumulated depreciation and consist of the following:

	September 30, 2018			March 31, 2018		
	Cost	Accumulated Depreciation	Net book value	Cost	Accumulated Depreciation	Net book value
Furniture	\$ 6,300	\$ 6,300	\$ -	\$ 6,300	\$ 6,300	\$ -
Vehicles	104,590	84,223	20,367	104,590	84,223	20,367
Land and buildings	243,428	6,852	236,576	243,428	6,091	237,337
Equipment	165,593	72,651	92,942	166,201	71,119	95,082
	<b>\$ 519,911</b>	<b>\$ 170,026</b>	<b>\$ 349,885</b>	<b>\$ 520,519</b>	<b>\$ 167,733</b>	<b>\$ 352,786</b>

Reconciliation of the carrying amounts for the period ended September 30, 2018 and March 31, 2018 are as follows:

Cost	Furniture	Vehicles	Land & Buildings	Equipment	Total
Balance as at March 31, 2017	\$ 6,300	\$ 104,590	\$ 242,811	\$ 161,946	\$ 515,647
Additions	-	-	617	4,863	5,480
Disposals	-	-	-	(608)	(608)
Balance as at March 31, 2018	\$ 6,300	\$ 104,590	\$ 243,428	\$ 166,201	\$ 520,519
Disposals	-	-	-	(608)	(608)
Balance as at September 30, 2018	\$ 6,300	\$ 104,590	\$ 243,428	\$ 165,593	\$ 519,911

**Accumulated depreciation, depletion and impairment**

Balance as at March 31, 2017	\$ (6,300)	\$ (84,223)	\$ (4,569)	\$ (66,121)	\$ (161,213)
Changes for the period	-	-	\$ (1,522)	\$ (4,998)	\$ (6,520)
Balance as at March 31, 2018	\$ (6,300)	\$ (84,223)	\$ (6,091)	\$ (71,119)	\$ (167,733)
Changes for the period	-	-	(761)	(1,532)	(2,293)
Balance as at September 30, 2018	\$ (6,300)	\$ (84,223)	\$ (6,852)	\$ (72,651)	\$ (170,026)
<b>Net book value as at March 31, 2018</b>	<b>\$ -</b>	<b>\$ 20,367</b>	<b>\$ 237,337</b>	<b>\$ 95,082</b>	<b>\$ 352,786</b>
<b>Net book value as at September 30, 2018</b>	<b>\$ -</b>	<b>\$ 20,367</b>	<b>\$ 236,576</b>	<b>\$ 92,942</b>	<b>\$ 349,885</b>

## Trigon Metals Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2018 and 2017

(Expressed in Canadian dollars – unaudited)

#### 6. EXPLORATION AND EVALUATION EXPENDITURES

	For the three months ended		For the Six months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Drilling	\$ 1,933	\$ -	\$ 1,933	\$ -
License and permit	-	-	1,296	510
Feasibility studies	-	-	185,735	-
Environmental assessment	-	-	23,933	4,412
Technical report	19,587	8,352	19,587	75,460
Assay and survey	214	19,034	8,910	19,034
Field office and support	35,965	45,058	77,602	83,749
Consulting and labour	199,115	174,109	402,724	398,585
Travel	11,867	14,512	17,036	39,411
<b>Total exploration and evaluation expenditures</b>	<b>\$ 268,681</b>	<b>\$ 261,065</b>	<b>\$ 738,756</b>	<b>\$ 621,161</b>

The Company retains an 80% interest in its five mining licenses in Northern Namibia through its subsidiary, Trigon Mining (Namibia) (Pty) Ltd. The mining licenses expire in March 2019 and applications for their renewal have been lodged.

#### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2018		March 31, 2018	
Trade payables	\$	619,022	\$	338,560
Accruals		222,952		237,642
	\$	841,974	\$	576,202

#### 8. BRIDGE FINANCING

- (i) During the six months ended September 30, 2018, the Company entered into loan agreements with Aberdeen International Inc. ("Aberdeen") as follows:

	Date	Principal	Interest	Repayment date
First loan	May 30, 2018	\$200,000	12% per annum	November 30, 2018
Second loan	June 26, 2018	\$355,000	12% per annum	December 26, 2018

Loan principal and accrued interest is due and payable in cash on or before the repayment date. The Company may negotiate repayment of the loan with Aberdeen via the transfer of securities or other investment products, but any arrangement for repayment other than in cash remains subject to a subsequent written agreement. On September 4, 2018, the Company received an additional \$80,000 pursuant to a loan amendment agreement. As of September 30, 2018, total principal plus accrued interest of \$572,451 remained outstanding.

Aberdeen is a 10% security holder of the Company. Pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions, the loans from Aberdeen constitute related party transactions. The Company relied on an exemption from formal valuation and minority shareholder approval requirements of NI 61-101 on the basis that the value of the loans was less than 25% of the Company's market capitalization.

## Trigon Metals Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2018 and 2017

(Expressed in Canadian dollars – unaudited)

#### 8. BRIDGE FINANCING (CONTINUED)

- (ii) During the six months ended September 30, 2018, the Company received \$450,000 in bridge financing. The amount owed is interest free, unsecured and with no fixed terms of repayment.

#### 9. FINANCIAL INSTRUMENTS

Financial instruments measured at fair value on the condensed interim consolidated statements of financial position are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, amounts receivable, bridge financing and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. The Company has no financial instruments recorded at fair value.

Financial assets and financial liabilities as at September 30 and March 31, 2018 were as follows:

	Cash, loans and receivables	Other liabilities	TOTAL
<u>At September 30, 2018</u>			
Financial assets:			
Cash	\$ 9,895	\$ -	\$ 9,895
Amounts receivable	5,468	-	5,468
Financial liabilities:			
Accounts payable and accrued liabilities	-	841,974	841,974
Bridge financing	-	1,022,451	1,022,451
<u>At March 31, 2018</u>			
Financial assets:			
Cash	\$ 28,138	\$ -	\$ 28,138
Amounts receivable	8,628	-	8,628
Financial liabilities:			
Accounts payable and accrued liabilities	-	576,202	576,202

#### 10. CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As the Company's properties are in the exploration and evaluation stage, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable. The Company's share capital is not subject to any external restrictions.

## **Trigon Metals Inc.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

For the three and six months ended September 30, 2018 and 2017

(Expressed in Canadian dollars – unaudited)

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#### **10. CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS (CONTINUED)**

Risk management is carried out by the management team under policies approved by the Board of Directors. The Company's capital management objectives, policies and processes have remained unchanged during the six months ended September 30, 2018. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of September 30, 2018, the Company may not be compliant with the policies of the TSXV. The impact of any such violation is not known and is ultimately dependent on the discretion of the TSXV.

##### **Financial risks**

The Company's financial instruments comprise cash, restricted cash, amounts receivable and accounts payable, accrued liabilities and bridge financing. The main use of these financial instruments is to fund operations and the pursuit of capital transactions. The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are credit risk, liquidity risk and market risk. The Company has no interest rate risk as there are no outstanding variable rate borrowings and the Company finances its operations primarily through share offerings.

Management mandates and agrees policies for managing each of these risks. The Company is exposed to a variety of financial risks by virtue of its activities, including but not limited, to those summarized below.

The following discussion also includes a sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on income or loss and shareholders' equity, where applicable.

The sensitivity analysis has been prepared for the six months ended September 30, 2018, using the amounts of other financial assets and liabilities held as at the condensed interim consolidated statement of financial position date.

##### **Credit risk**

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets. With respect to credit risk arising from financial assets of the Company, which comprise cash and minimal receivables, the Company's exposure to credit risk arises from default of counterparties, with a maximum exposure equal to the carrying amount of these instruments. Cash and restricted cash balances are held with high credit quality financial institutions. The credit risk to the Company is considered minimal.

##### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances.

The Company manages its liquidity risk by forecasting cash flows required for operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

## **Trigon Metals Inc.**

### **Notes to the Condensed Interim Consolidated Financial Statements**

For the three and six months ended September 30, 2018 and 2017

(Expressed in Canadian dollars – unaudited)

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#### **10. CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS (CONTINUED)**

##### **Liquidity risk (continued)**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2018, the Company had a cash balance of \$9,895 (March 31, 2018 – \$28,138) and amounts receivable other than sales taxes receivable of \$5,468 (March 31, 2018 - \$8,628). As at September 30, 2018, the Company's financial liabilities consisted of accounts payable and accrued liabilities of \$841,974 (March 31, 2018: \$576,202) based on contractual undiscounted payments and short-term borrowings of \$1,022,451 (March 31, 2018: \$nil), all due in less than one year.

During the year ended March 31, 2018, the Company raised \$2,569,500 through private placement financings and \$306,666 through the exercise of warrants.

##### **Market and foreign currency risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The ability of the Company to explore, evaluate and develop its exploration and mining properties and the future profitability of the Company are directly related to the price of base and precious metals. The Company monitors metal prices to determine the appropriate course of action to be taken.

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investment in its subsidiaries. The Company is exposed to currency risk by incurring certain expenditures in US dollars, Namibian dollars, South African Rand and European Euro for its operations in Namibia. The Company has sought to minimize this risk by keeping its cash reserves in Canadian dollars and only purchasing US dollars, Namibian dollars, South African Rand and European Euro as needed.

##### **Sensitivity analysis**

The carrying amount of cash, accounts receivable and accounts payable equals fair market value. The effect of changes in foreign exchange rates on net loss is deemed insignificant as the number and amount of foreign-currency transactions are relatively small. Had the foreign exchange rates been higher (lower) by 10%, the foreign exchange in the condensed interim consolidated statement of loss would have been lower (higher) by approximately \$(9,660) (year ended March 31, 2018 - \$2,990).

#### **11. SHARE CAPITAL**

(a) Authorized:

Unlimited number of voting common shares

Unlimited number of non-voting preferred shares, issuable in series

(b) Issued:

Reconciliation of the number and value of common shares for the six months ended September 30, 2018 and the year ended March 31, 2018 were as follows. All issued shares are fully paid.

## Trigon Metals Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

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#### 11. SHARE CAPITAL (CONTINUED)

	Number of shares	Issued Capital
<b>Balance, March 31, 2017</b>	<b>18,205,463</b>	<b>\$ 32,429,180</b>
Shares issued pursuant to private placements	8,281,666	2,569,500
Shares issued through exercise of warrants	766,666	306,666
Valuation on warrants exercised	-	99,441
Cost of issue	-	(20,412)
Warrants issued	-	(622,040)
<b>Balance, March 31 and September 30, 2018</b>	<b>27,253,795</b>	<b>\$ 34,762,335</b>

#### 12. EQUITY RESERVES

##### Options

Under the Company's stock option plan, the Company may grant options to its directors, officers, employees and consultants for up to 10% of the outstanding common stock. Under the plan, the exercise price of each option must not be less than the market price of the Company's stock on the date of grant, less any allowable discount. The maximum term of a stock option is five years.

On June 6, 2018, the Company granted 450,000 stock options to certain directors, officers and consultants to purchase shares of the Company at an exercise price of \$0.20 per option until June 6, 2023. The options vested immediately on the date of the grant and will expire five years from the date of grant. The fair value of these options estimated on the date of the grant using the Black-Scholes option pricing model was \$72,000 with the following assumptions: expected volatility of 112%, expected dividend yield of 0%, risk-free interest rate of 2.16% and expected life of 5 years.

	Six months ended September 30, 2018		Year ended March 31, 2018	
	Number of Options	Amount	Number of Options	Amount
Balance - beginning of period	1,917,000	\$ 828,593	1,392,000	\$ 932,686
Expired/cancelled options	-	-	(750,000)	(470,698)
Share-based payments	450,000	81,852	1,275,000	366,605
<b>Balance - end of period</b>	<b>2,367,000</b>	<b>\$ 910,445</b>	<b>1,917,000</b>	<b>\$ 828,593</b>

	Six months ended September 30, 2018		Year ended March 31, 2018	
	Stock Options	Exercise price	Stock Options	Exercise price
Balance - Beginning of period	1,917,000	\$0.59	1,392,000	\$0.97
Granted	450,000	\$0.20	1,275,000	\$0.36
Expired	-	\$0.00	(750,000)	\$0.91
Outstanding, End of period	2,367,000	\$0.52	1,917,000	\$0.59
Exercisable, End of period	2,367,000	\$0.52	1,817,000	\$0.60

**Trigon Metals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**12. EQUITY RESERVES (CONTINUED)**

**Options (Continued)**

As at September 30, 2018, the Company had stock options outstanding and exercisable as follows:

Option Summary						Black-Scholes Assumptions				
Grant date	Expiry date	Number outstanding	Number exercisable	Exercise price	Grant date fair value	Dividend yield (%)	Expected volatility (%)	Expected life (years)	Risk free rate (%)	Forefeiture Rate
2-Jan-14	2-Jan-19	135,500	135,500	\$1.30	121,308	0	137	5	1.93	0
13-Mar-14	13-Mar-19	7,500	7,500	\$1.60	10,575	0	137	5	1.59	0
26-Feb-15	26-Feb-20	308,500	308,500	\$1.00	188,185	0	144	5	0.78	0
8-Mar-16	8-Mar-21	165,500	165,500	\$0.85	114,195	0	116	5	0.72	0
22-Jun-16	22-Jun-21	150,000	150,000	\$0.50	61,500	0	120	5	0.70	0
20-Apr-17	20-Apr-22	150,000	150,000	\$0.29	35,370	0	117	5	1.03	0
19-Jul-17	19-Jul-22	650,000	650,000	\$0.385	204,556	0	117	5	1.52	0
11-Aug-17	11-Aug-22	25,000	25,000	\$0.24	4,743	0	110	5	1.46	0
5-Sep-17	5-Sep-22	275,000	275,000	\$0.35	80,465	0	123	5	1.56	0
11-Oct-17	11-Oct-22	25,000	25,000	\$0.415	8,540	0	119	5	1.77	0
16-Oct-17	16-Oct-22	25,000	25,000	\$0.45	9,008	0	113	5	1.71	0
6-Jun-18	6-Jun-23	450,000	450,000	\$0.20	72,000	0	112	5	2.16	0
		<b>2,367,000</b>	<b>2,367,000</b>		<b>910,445</b>					

**Warrants**

Share purchase warrant transactions for the six months ended September 30, 2018 and year ended March 31, 2018 are summarized as follows:

	Six months ended		Year ended	
	September 30, 2018		March 31, 2018	
	Number of Warrants	Amount	Number of Warrants	Amount
Outstanding, Beginning of period	5,655,915	\$ 920,985	1,431,750	\$ 404,821
Issued	-	-	4,990,831	622,040
Exercised	-	-	(766,666)	(99,441)
Warrant issue costs	-	-	-	(6,435)
<b>Outstanding, End of period</b>	<b>5,655,915</b>	<b>\$ 920,985</b>	<b>5,655,915</b>	<b>\$ 920,985</b>

## Trigon Metals Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2018 and 2017

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#### 12. EQUITY RESERVES (CONTINUED)

##### Warrants (Continued)

As at September 30, 2018 and March 31, 2018, the Company had share purchase warrants outstanding as follows:

Grant date	Expiry date	Number outstanding	Exercise price	FMV at grant date
17-May-16	17-May-19	1,106,750	\$1.30	\$ 322,924
16-Sep-16	16-Sep-19	325,000	\$1.30	\$ 88,255
1-Jun-17	1-Jun-20	41,667	\$0.40	\$ 5,404
31-Jul-17	31-Jul-20	924,166	\$0.40	\$ 131,258
22-Aug-17	22-Aug-20	1,558,333	\$0.40	\$ 225,824
15-Jan-18	15-Jan-20	1,428,571	\$0.50	\$ 136,936
2-Mar-18	2-Mar-20	271,428	\$0.50	\$ 23,176
		5,655,915	\$0.66	\$ 933,777

#### 13. RELATED PARTY TRANSACTIONS

##### Compensation of Key Management

Key management includes the Company's directors and officers. Compensation awarded to key management included:

	Three months ended September 30,		Six months ended September 30,	
	2018	2017	2018	2017
Consulting fees	\$ 182,500	\$ 169,000	\$ 362,500	\$ 369,500
Share-based payments	-	204,555	48,000	263,505
	<b>\$ 182,500</b>	<b>\$ 373,555</b>	<b>\$ 410,500</b>	<b>\$ 633,005</b>

Included in accounts payable and accrued liabilities as at September 30, 2018 is approximately \$210,373 consulting fees, travel and moving expenses (March 31, 2018 - \$63,281) charged by officers and directors of the Company.

Of the total options granted on June 6, 2018, 300,000 options were granted to directors and officers of the Company to purchase shares of the Company at \$0.20 per option until June 6, 2023.

##### Bridge Financing

See Note 8.

#### 14. COMMITMENTS AND CONTINGENCIES

##### Environmental

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

**Trigon Metals Inc.**  
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**14. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Trigon Mining (Namibia) (Pty) Ltd. – Property obligations**

On April 23, 2012, the Company purchased, through the acquisition of TMN, an effective 80% interest in the mining assets commonly known as the Kombat mine, whose assets include a 100% interest in five Mining Licenses in northern Namibia. As at September 30, 2018, the Company has expended sufficient capital to ensure the licenses remain in good standing for the duration of the license period. The licenses expire in March 2019 and renewal applications have been lodged.

**Management Contracts**

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments of up to \$1,620,000 to be made to the officers of the Company upon the occurrence of certain events such as a change of control. As the triggering effect has not taken place, the contingent payments have not been reflected in these condensed interim consolidated financial statements. Additional minimum management contractual commitments remaining under the agreements are approximately \$587,071, all due within one year.

The Company also has a commitment of \$50,000 for bonus payments for which the triggering event has not occurred as at September 30, 2018. Upon the occurrence of the triggering event, the Company will have an increase in commitments relating to the subsequent occurrence of certain events such as a change of control or termination of the management contracts.

**15. SUBSEQUENT EVENTS**

Subsequent to September 30, 2018, the Company closed its previously announced non-brokered private placement financing and issued 3,403,330 units (the “Units”) at a price of \$0.15 per unit for gross proceeds of \$510,500. Each unit is comprised of one common share of Trigon and one common share purchase warrant. Each Warrant entitles the holder thereof to acquire one Share at a price of \$0.25 for a period of 36 months following the closing date of the Offering.

Of the total offering, certain directors and officers of Trigon acquired a total of 1,899,997 units.