



# **Trigon Metals Inc.**

## **Consolidated Financial Statements**

*For the years ended March 31, 2018 and 2017*

*(Expressed in Canadian Dollars)*

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Trigon Metals Inc.

We have audited the accompanying consolidated financial statements of Trigon Metals Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in (deficiency) equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Trigon Metals Inc. and its subsidiaries as at March 31, 2018 and 2017, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Trigon Metals Inc. had continuing losses during the year ended March 31, 2018 and a working capital deficiency as at March 31, 2018. These conditions along with other matters set forth in Note 1 indicate the existence of material uncertainties that cast significant doubt about the ability of Trigon Metals Inc. to continue as a going concern.

UHY McGovern Hurley LLP



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
July 24, 2018

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

As at	Notes	March 31, 2018	March 31, 2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 28,138	\$ 391,870
Restricted cash	2	-	30,000
Amounts receivable	4	103,334	80,977
Prepaid expenses		16,111	19,650
<b>Total current assets</b>		<b>147,583</b>	<b>522,497</b>
<b>Non-current assets</b>			
Property and equipment	5	352,786	354,434
<b>Total Assets</b>		<b>\$ 500,369</b>	<b>\$ 876,931</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7,12	\$ 576,202	\$ 350,159
<b>Total Liabilities</b>		<b>576,202</b>	<b>350,159</b>
<b>(DEFICIENCY) EQUITY</b>			
<b>Equity attributable to shareholders of Trigon Metals Inc.:</b>			
Share capital	10	34,762,335	32,429,180
Warrants	11	920,985	404,821
Contributed surplus	11	828,593	932,686
Deficit		(36,258,189)	(33,118,824)
<b>Total equity attributable to shareholders of Trigon Metals Inc.</b>		<b>253,724</b>	<b>647,863</b>
Non-controlling interest		(329,557)	(121,091)
<b>Total (Deficiency) Equity</b>		<b>(75,833)</b>	<b>526,772</b>
<b>Total Liabilities and (Deficiency) Equity</b>		<b>\$ 500,369</b>	<b>\$ 876,931</b>

Nature of operation and going concern (note 1)  
Commitments and contingencies (note 13)  
Subsequent events (note 15)

Approved by the Board of Directors on July 24, 2018.

*"Stephan Theron"*

Stephan Theron  
Director

*"Justin Reid"*

Justin Reid  
Director

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

**Trigon Metals Inc.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian dollars)

	Notes	Years ended March 31,	
		2018	2017
<b>Expenses</b>			
Consulting fees	12	\$ 1,287,016	\$ 556,738
Professional fees		118,025	42,960
Share-based payments	11	366,605	75,019
Travel and related costs		133,489	69,229
Shareholder communications and filing fees		88,945	159,377
General and administrative costs		165,121	99,878
Exploration and evaluation expenditures	6	1,689,999	759,088
Depreciation	5	6,520	21,072
Write down of equipment	5	-	58,824
Foreign exchange loss (gain)		22,986	(3,798)
Total expenses		\$ 3,878,706	\$ 1,838,387
<b>Other items</b>			
Other income		60,221	37,511
Loss on disposal of equipment	5	(44)	(3,401)
<b>Net loss and comprehensive loss</b>		\$ (3,818,529)	\$ (1,804,277)
<b>Net loss and comprehensive loss attributable to:</b>			
Shareholders of Trigon Metals Inc.		\$ (3,610,063)	\$ (1,734,420)
Non-controlling interest		(208,466)	(69,857)
		\$ (3,818,529)	\$ (1,804,277)
<b>Loss per share</b>			
Basic and diluted		(0.17)	(0.11)
<b>Weighted average number of common shares outstanding</b>			
Basic and diluted		23,140,780	16,341,314

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

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

(Expressed in Canadian dollars)

	Notes	Attributable to equity owners of Trigon Metals Inc.							Total (deficiency) equity
		Number of common shares	Share Capital	Contributed surplus	Warrants	Deficit	Total shareholders' equity	Non- Controlling Interest	
<b>Balance as at March 31, 2016</b>		14,519,189	30,698,100	1,095,486	1,801,499	(33,423,722)	171,363	(51,234)	120,129
Net loss for the year		-	-	-	-	(1,734,420)	(1,734,420)	(69,857)	(1,804,277)
Private placements	10	3,686,274	2,159,936	-	-	-	2,159,936	-	2,159,936
Warrants issued	11	-	(411,179)	-	411,179	-	-	-	-
Share and warrants issued costs	10,11	-	(17,677)	-	(6,358)	-	(24,035)	-	(24,035)
Share-based payments	11	-	-	75,019	-	-	75,019	-	75,019
Expired options	11	-	-	(237,819)	-	237,819	-	-	-
Expired warrants	11	-	-	-	(1,801,499)	1,801,499	-	-	-
<b>Balance as at March 31, 2017</b>		<b>18,205,463</b>	<b>32,429,180</b>	<b>932,686</b>	<b>404,821</b>	<b>(33,118,824)</b>	<b>647,863</b>	<b>(121,091)</b>	<b>526,772</b>
Net loss for the year		-	-	-	-	(3,610,063)	(3,610,063)	(208,466)	(3,818,529)
Private placements	10	8,281,666	2,569,500	-	-	-	2,569,500	-	2,569,500
Warrants issued	11	-	(622,040)	-	622,040	-	-	-	-
Share and warrants issued costs	10,11	-	(20,412)	-	(6,435)	-	(26,847)	-	(26,847)
Warrants exercised	10	766,666	306,666	-	-	-	306,666	-	306,666
Value of warrants exercised	11	-	99,441	-	(99,441)	-	-	-	-
Share-based payments	11	-	-	366,605	-	-	366,605	-	366,605
Expired options	11	-	-	(470,698)	-	470,698	-	-	-
<b>Balance as at March 31, 2018</b>		<b>27,253,795</b>	<b>34,762,335</b>	<b>828,593</b>	<b>920,985</b>	<b>(36,258,189)</b>	<b>253,724</b>	<b>(329,557)</b>	<b>(75,833)</b>

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

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

	Notes	Years ended March 31,	
		2018	2017
<b>Cash provided by (used in):</b>			
<b>Operating activities</b>			
Net loss for the year		\$ (3,818,529)	\$ (1,804,277)
Adjustments for items not affecting cash:			
Share-based payments	11	366,605	75,019
Depreciation	5	6,520	21,072
Loss on disposal of equipment	5	44	3,401
Write down of equipment	5	-	58,824
Foreign exchange loss (gain)		6	(22,064)
Net cash from operating activities before changes in working capital		(3,445,354)	(1,668,025)
Net changes in non-cash working capital			
Change in amounts receivable		(22,357)	(43,674)
Change in prepaid expenses		3,539	(10,650)
Change in accounts payable and accrued liabilities		226,044	(34,718)
<b>Net cash flows (used in) operating activities</b>		<b>(3,238,128)</b>	<b>(1,757,067)</b>
<b>Investing activities</b>			
Purchase of property and equipment	5	(5,480)	-
Proceeds on disposal of equipment	5	557	3,916
Decrease (increase) in restricted cash		30,000	(30,000)
<b>Net cash flows provided by (used in) investing activities</b>		<b>25,077</b>	<b>(26,084)</b>
<b>Financing activities</b>			
Shares issued from private placements	10	2,569,500	2,159,936
Shares issued from warrants exercised	10	306,666	-
Share and warrant issuance costs	10,11	(26,847)	(24,035)
<b>Net cash flows provided by financing activities</b>		<b>2,849,319</b>	<b>2,135,901</b>
(Decrease) increase in cash during the year		(363,732)	352,750
Cash - Beginning of year		391,870	39,120
<b>Cash - End of year</b>		<b>\$ 28,138</b>	<b>\$ 391,870</b>

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

# Trigon Metals Inc.

## Notes to the Consolidated Financial Statements

For the years ended March 31, 2018 and 2017

(Expressed in Canadian dollars)

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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 consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on July 24, 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 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 March 31, 2018, the Company had negative working capital of \$(428,619) compared with positive working capital of \$172,338 as at March 31, 2017 and in the year ended March 31, 2018, the Company incurred a net loss of \$3,818,529 (2017 - \$1,804,277). 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 year ended March 31, 2018, the Company was able to raise funds through private placement financing (see Note 10), 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 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 Consolidated Financial Statements**

For the years ended March 31, 2018 and 2017

(Expressed in Canadian dollars)

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### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), applicable to the preparation of consolidated financial statements and in accordance with accounting policies based on IFRS standards and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations. The Company has consistently applied the accounting policies used in the preparation of these consolidated financial statements throughout all periods presented, as if these policies had always been in effect.

#### **Basis of preparation**

These 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 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 Manila Investments (Pty) Ltd. (“Manila”) (Namibia) 80%. All intercompany transactions, balances, income and expenses are eliminated on consolidation. The 20% of Manila 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 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 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 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 Consolidated Financial Statements**  
For the years ended March 31, 2018 and 2017  
(Expressed in Canadian dollars)

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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 co-ordinated 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 consolidated statement of loss.

**Foreign currency transactions**

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The Canadian dollar has been determined as the functional currency of the Company and all subsidiaries, and 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.

Foreign currency transactions are translated into the functional currency of the entity in which they occur using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than functional currency at period-end exchange rates are recognized in the consolidated statement of loss.

**Property and equipment**

Property and equipment are carried at cost, less accumulated depreciation and impairment losses. All property and equipment, with the exception of buildings, are depreciated on a straight-line basis over three to five years. Buildings are depreciated over 40 years.

Significant components of the property and equipment are recorded and depreciated separately. Residual values, method of depreciation and the useful lives of assets are revised annually and adjusted prospectively, if appropriate, if there is an indicator of a significant change since the last reporting date.

**Impairment of non-financial assets**

At the end of each reporting period, the Company reviews and evaluates the recoverable amount of its property and equipment and when events or changes in circumstances indicate that the carrying amounts of related assets or groups of assets might not be recoverable.

For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset). Any resulting write-down of the excess of carrying value over the recoverable amount is charged to the consolidated statement of loss.

**Trigon Metals Inc.**  
**Notes to the Consolidated Financial Statements**  
For the years ended March 31, 2018 and 2017  
(Expressed in Canadian dollars)

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

**Exploration and evaluation costs**

Field exploration, supervisory costs and costs associated with maintaining a mineral property are expensed until the Company has a reasonable expectation that the property is capable of commercial production, supported by a positive economic analysis showing a NI 43-101 compliant mineral reserve and approved by the Board of Directors.

**Financial instruments**

*Financial assets:*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives. The Company determines the classification of its financial assets at initial recognition.

The Company's financial assets include cash, restricted cash and amounts receivable. Initially they are recognized at fair value, and subsequently measured at amortized cost using the effective interest method. Amortized cost approximates fair value due to the short-term maturity of these assets. They are included in current assets, except for maturities greater than twelve months after the year-end.

Regular purchases and sales of financial assets are recognized on the date on which the Company commits to purchase or sell assets.

Financial assets are derecognized when the rights to receive cash flows from investments cease and the Company has transferred substantially all risks and rewards of ownership.

*Financial liabilities:*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company's financial liabilities include accounts payable and accrued liabilities. Initially they are recognized at fair value, and subsequently measured at amortized cost using the effective interest method.

Financial instruments are initially recorded at fair value. The fair values of cash, restricted cash, amounts receivables, and accounts payable and accrued liabilities approximate their recorded amounts because of their short-term nature.

*Impairment of financial assets (including receivables):*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date for impairment if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise or indicators that a debtor or issuer will enter bankruptcy.

**Trigon Metals Inc.**  
**Notes to the Consolidated Financial Statements**  
For the years ended March 31, 2018 and 2017  
(Expressed in Canadian dollars)

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

**Financial instruments (Continued)**

*Impairment of financial assets (including receivables): (continued)*

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Cash and restricted cash**

Cash and restricted cash are comprised of cash on hand and deposits that generally mature within 90 days from the date of acquisition. At March 31, 2018, the Company had \$nil (2017 - \$30,000) GIC deposit as security for the Company's corporate credit card.

**Provisions**

Provisions are recognized when: (i) the Company has a present obligation (legal or constructive) as a result of a past event, and (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company had no material provisions at March 31, 2018 and 2017.

**Operating segments**

The Company has concluded that it has only one material operating segment (the development of its Namibian mining permits) for financial reporting purposes.

**Income taxes**

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

**Trigon Metals Inc.**  
**Notes to the Consolidated Financial Statements**  
For the years ended March 31, 2018 and 2017  
(Expressed in Canadian dollars)

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

**Income taxes (Continued)**

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

**Loss per share**

Basic loss per share is calculated by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding for the year. In the event of the Company reporting net profit, the diluted loss per share will be similar to basic loss per share, except that the denominator will be increased to include the number of additional shares that would have been outstanding if the dilutive potential common shares in connection with the issued share options and warrants had been issued using the treasury stock method. The Company's options and warrants were anti-dilutive for the years ended March 31, 2018 and 2017.

**Share-based payments**

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The fair value of stock-based compensation is determined using the Black-Scholes option pricing model. The compensation expense is recognized over the period during which the options vest based on the estimate of equity instruments expected to vest. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. Unexercised expired stock options are transferred to deficit.

**Prepaid expenses**

Prepaid expenses represent payments made or obligations incurred in advance of the receipt of goods or rendering of services. Prepaid expenses are typically included in other current assets on the consolidated statement of financial position.

**Contingencies**

In assessing loss contingencies related to legal proceedings that are pending or unasserted claims that may result in such proceedings, the Company and its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims of the amount of relief sought or expected to be sought.

If the assessment of a contingency suggests that a loss is probable, the amount can be reliably estimated, and there is a present obligation as a result of a past event, then a loss is recorded. The details of a contingent loss are disclosed unless the possibility of any outflow in settlement is remote. Legal fees incurred with pending legal proceedings are expensed as incurred.

**Trigon Metals Inc.**  
**Notes to the Consolidated Financial Statements**  
For the years ended March 31, 2018 and 2017  
(Expressed in Canadian dollars)

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

**Warrants**

Warrants are recognized at fair value on the date of grant and are measured using the Black-Scholes option pricing model. Upon exercise of warrants, consideration paid by the warrant holder together with the amount previously recognized in warrants is recorded as an increase to share capital. Unexercised expired warrants are transferred to deficit.

**Decommissioning obligations**

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration or development of, or ongoing production from a property interest.

Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for changes to the current market-based discount rate, and for changes to the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company had no material decommissioning obligations as at March 31, 2018 and 2017.

**Changes in accounting policies**

*Current accounting changes:*

During fiscal 2018, the Company has adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS 7 and 12. The new standards and changes did not have any material impact on the Company's 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, 2018 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

IFRS 2 – Share-based Payments (“IFRS 2”) was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The Company does not expect the adoption of IFRS 2 to have a significant impact on its financial statements.

**Trigon Metals Inc.**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Changes in accounting policies (Continued)**

*New and future accounting changes: (continued)*

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company does not expect the adoption of IFRS 9 to have a significant impact on its financial statements.

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. The Company has not yet considered the potential impact on the adoption of IFRS 16.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration (“IFRIC 22”) was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognized in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company does not expect the adoption of IFRIC 22 to have a significant impact on its financial statements.

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. Earlier adoption is permitted.

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

The preparation of 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.

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.

## Trigon Metals Inc.

### Notes to the Consolidated Financial Statements

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

The significant areas of estimation and uncertainties considered by management in preparing the consolidated financial statements include:

*Critical judgment in applying accounting policies:*

- 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 consolidated statement of financial position.

- 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.

*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.

- Mineral reserve and 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.

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**3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (Continued)**

- 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.

- 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 tax 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 13.

**4. AMOUNTS RECEIVABLE**

	<b>March 31, 2018</b>		<b>March 31, 2017</b>	
Sales taxes receivable	\$	94,706	\$	80,970
Other		8,628		7
	\$	103,334	\$	80,977

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**5. PROPERTY AND EQUIPMENT**

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

	March 31, 2018			March 31, 2017		
	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	6,091	237,337	242,811	4,569	238,242
Equipment	166,201	71,119	95,082	161,946	66,121	95,825
	<b>\$ 520,519</b>	<b>\$ 167,733</b>	<b>\$ 352,786</b>	<b>\$ 515,647</b>	<b>\$ 161,213</b>	<b>\$ 354,434</b>

Reconciliation of the carrying amounts for the years ended March 31, 2018 and 2017 are as follows:

Cost	Furniture	Vehicles	Land and Buildings	Equipment	Total
Balance as at March 31, 2016	\$ 6,300	\$ 104,590	\$ 232,951	\$ 154,076	\$ 497,917
Additions	-	-	2,984	-	2,984
Disposals	-	-	-	(7,317)	(7,317)
Effect of foreign exchange	-	-	6,876	15,187	22,063
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

**Accumulated depreciation, depletion and impairment**

Balance as at March 31, 2016	\$ (6,300)	\$ (68,843)	\$ (3,046)	\$ (3,128)	\$ (81,317)
Changes for the year	-	(15,380)	(1,523)	(62,993)	(79,896)
Balance as at March 31, 2017	\$ (6,300)	\$ (84,223)	\$ (4,569)	\$ (66,121)	\$ (161,213)
Changes for the year	-	-	(1,522)	(4,998)	(6,520)
Balance as at March 31, 2018	\$ (6,300)	\$ (84,223)	\$ (6,091)	\$ (71,119)	\$ (167,733)
<b>Net book value as at March 31, 2017</b>	<b>\$ -</b>	<b>\$ 20,367</b>	<b>\$ 238,242</b>	<b>\$ 95,825</b>	<b>\$ 354,434</b>
<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>

**Trigon Metals Inc.**  
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**6. EXPLORATION AND EVALUATION EXPENDITURES**

	For the years ended	
	March 31,	
	2018	2017
Drilling	\$ 102,612	\$ -
License and permit	510	-
Feasibility studies	228,483	-
Environmental assessment	116,868	5,826
Technical report	142,299	31,390
Assay and survey	105,969	-
Field office and support	155,479	163,291
Consulting and labour	773,542	442,344
Travel	64,237	116,237
<b>Total exploration and evaluation expenditures</b>	<b>\$ 1,689,999</b>	<b>\$ 759,088</b>

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

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31, 2018	March 31, 2017
Trade payables	\$ 338,560	\$ 223,282
Accruals	237,642	126,877
	<b>\$ 576,202</b>	<b>\$ 350,159</b>

**8. FINANCIAL INSTRUMENTS**

Financial instruments measured at fair value on the 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, restricted cash, amounts receivable, 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.

**Trigon Metals Inc.**  
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**8. FINANCIAL INSTRUMENTS (Continued)**

Financial assets and financial liabilities as at March 31, 2018 and 2017 were as follows:

	Cash, loans and receivables	Other liabilities	TOTAL
<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
<u>At March 31, 2017</u>			
Financial assets:			
Cash	\$ 391,870	\$ -	\$ 391,870
Restricted cash	30,000	-	30,000
Amounts receivable	7	-	7
Financial liabilities:			
Accounts payable and accrued liabilities	-	350,159	350,159

**9. 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.

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 year ended March 31, 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 March 31, 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 and accrued liabilities. 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 borrowings and no interest rate exposure, as the Company finances its operations primarily through share offerings.

**Trigon Metals Inc.**  
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**9. CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS (Continued)**

**Financial risks (continued)**

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 year ended March 31, 2018, using the amounts of other financial assets and liabilities held as at the 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 of 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.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2018, the Company had a cash balance of \$28,138 (March 31, 2017 – \$391,870) and amounts receivable other than sales taxes receivable of \$8,628 (March 31, 2017 - \$7). As at March 31, 2018, the Company's financial liabilities consisted of accounts payable and accrued liabilities of \$576,202 (March 31, 2017 - \$350,159) based on contractual undiscounted payments, all due in less than one year.

During the year ended March 31, 2018, the Company raised \$2,569,500 through private placement financing 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.

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**9. CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS (Continued)**

**Market and foreign currency risk (continued)**

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 consolidated statement of loss would have been lower (higher) by approximately \$2,990 (year ended March 31, 2017 - \$5,900).

**10. 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 years ended March 31, 2018 and 2017 were as follows. All issued shares are fully paid.

	Number of shares	Issued Capital
<b>Balance, March 31, 2016</b>	<b>14,519,189</b>	<b>\$ 30,698,100</b>
Shares issued pursuant to private placements	3,686,274	2,159,936
Cost of issue	-	(17,677)
Warrants issued	-	(411,179)
<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, 2018</b>	<b>27,253,795</b>	<b>\$ 34,762,335</b>

**Trigon Metals Inc.**  
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**10. SHARE CAPITAL (Continued)**

On June 1, 2017, the Company announced the closing of a non-brokered private placement of units. The Company issued 1,616,667 units at a price of \$0.30 per unit for aggregate gross proceeds of \$485,000. Each whole unit consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.40 for a period of 36 months following the closing date. The issue date fair value of the warrants was estimated at \$104,845 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 107%; risk-free interest rate of 0.75% and an expected life of 3 years. The Company also paid share and warrant issue costs of \$3,675.

On July 31, 2017, the Company announced the closing of the first tranche of a non-brokered private placement of units. The Company issued 1,848,333 units at a price of \$0.30 per unit for aggregate gross proceeds of \$554,500. Each whole unit consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.40 for a period of 36 months following the closing date. The issue date fair value of the warrants was estimated at \$131,258 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 120%; risk-free interest rate of 1.37% and an expected life of 3 years. The Company also paid share and warrant issue costs of \$7,500.

On August 22, 2017, the Company announced the closing of the second tranche of a non-brokered private placement of units. The Company issued 3,116,667 units at a price of \$0.30 per unit for aggregate gross proceeds of \$935,000. Each whole unit consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.40 for a period of 36 months following the closing date. The issue date fair value of the warrants was estimated at \$225,824 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 124%; risk-free interest rate of 1.30% and an expected life of 3 years. The Company also paid share and warrant issue costs of \$10,930.

On December 19, 2017, the Company announced that Forbes & Manhattan Resources Inc. ("Forbes") and certain other investors will subscribe to a private placement financing of up to 5,714,285 units at a price of \$0.35 per unit for gross proceeds of up to \$2,000,000, of which the first tranche was closed on January 15, 2018. The Company received gross proceeds of \$500,000 from Aberdeen International Inc. ("Aberdeen") on December 29, 2017 and upon TSXV approval issued 1,428,571 units. Aberdeen is a related party of Trigon as it owns more than 10% of the issued and outstanding common shares of the Company. Each whole unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.50 for a period of 24 months following the closing date. The issue date fair value of the warrants was estimated at \$136,936 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 102%; risk-free interest rate of 1.76% and an expected life of 2 years. The Company also paid share and warrant issue costs of \$1,250.

On March 2, 2018, the Company closed the second and final tranche of its previously announced non-brokered private placement of units and issued 271,428 units at a price of \$0.35 per unit for aggregate gross proceeds of \$95,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of \$0.50 for a period of 24 months following the closing date, subject to an acceleration provision whereby in the event that at any time after the expiry of the statutory hold period, the common shares trade at \$1.00 or higher on the TSX Venture Exchange (on an average trading volume of not less than 200,000 common shares per day) for a period of 20 consecutive days, the Company shall have the right to accelerate the expiry date of the warrants to the date that is 30 days after the Company issues a news release announcing that it has elected to exercise the acceleration right. The issue date fair value of the warrants was estimated at \$23,177 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 94%; risk-free interest rate of 1.77% and an expected life of 2 years. The Company also paid share and warrant issue costs of \$3,492.

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**10. SHARE CAPITAL (Continued)**

On December 6, 2016, the Company announced that it had consolidated its issued and outstanding common shares on the basis of one new common share for every existing ten common shares (the "Consolidation"). The Company's common shares commenced trading on the TSXV on a post-consolidated basis on December 6, 2016. All references to common shares, per share amounts, warrants and options for all periods presented have been retroactively restated to reflect the consolidation.

On May 17, 2016, the Company completed a non-brokered private placement financing comprising 1,106,750 units at a purchase price of \$0.80 per unit for gross proceeds of \$885,400. Each unit is comprised of one common share and one warrant. Each warrant will entitle the holder thereof to acquire one common share at a price of \$1.30 per share at any time before the date that is three years from the date of issue. The issue date fair value of the warrants was estimated at \$322,924 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 124%; risk-free interest rate of 0.67% and an expected life of 3 years. The Company paid cash finder's fees and other issuance costs of \$13,662.

On September 16, 2016, the Company announced that the 325,000 subscription receipts issued to Routemaster Capital Inc. ("Routemaster") on July 5, 2016 had been converted into 325,000 common shares and 325,000 warrants. Each warrant entitles Routemaster to acquire one common share at a price of \$1.30 per warrant at any time on or before September 16, 2019, subject to an acceleration provision. If after the expiry of the statutory hold period, the common shares trade at \$3.00 or higher on the TSX Venture Exchange, on a volume weighted average basis for a period of 30 consecutive days, the Company shall have the right to accelerate the expiry date of the warrants to the date that is 30 days after the Company issues a news release announcing that it has elected to exercise the acceleration right. The issue date fair value of the warrants was estimated at \$88,255 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 113%; risk-free interest rate of 0.60% and an expected life of 3 years. The Company incurred issuance costs of \$4,050.

On December 12, 2016, the Company announced the closing of a non-brokered private placement offering of common shares. The Company issued 2,254,524 common shares for aggregate gross proceeds of \$1,014,535. The Company did not pay any finder's fees but incurred issuance costs of \$6,323.

**11. EQUITY RESERVES**

**Options**

	Year ended March 31, 2018		Year ended March 31, 2017	
	Number of Options	Amount	Number of Options	Amount
Balance - beginning of year	1,392,000	\$ 932,686	1,419,500	\$ 1,095,486
Expired/cancelled options	(750,000)	(470,698)	(222,500)	(237,819)
Share-based payments	1,275,000	366,605	195,000	75,019
<b>Balance - end of year</b>	<b>1,917,000</b>	<b>\$ 828,593</b>	<b>1,392,000</b>	<b>\$ 932,686</b>

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**11. EQUITY RESERVES (Continued)**

**Options (Continued)**

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 April 20, 2017, the Company granted 250,000 stock options to directors of the Company. The options vested immediately on the date of grant and are exercisable at a price of \$0.29 per option for a period of 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 \$58,950 with the following assumptions: expected volatility of 117%, expected dividend yield of 0%, risk-free interest rate of 1.03% and expected life of 5 years.

On July 19, 2017, the Company granted 675,000 stock options to directors, officers and a consultant of the Company. The options vested immediately on the date of grant and are exercisable at a price of \$0.385 per option for a period of 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 \$212,423 with the following assumptions: expected volatility of 117%, expected dividend yield of 0%, risk-free interest rate of 1.52% and expected life of 5 years.

On August 11, 2017, the Company granted 25,000 stock options to a consultant of the Company. The options vested immediately on the date of grant and are exercisable at a price of \$0.24 per option for a period of 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 \$4,743 with the following assumptions: expected volatility of 110%, expected dividend yield of 0%, risk-free interest rate of 1.46% and expected life of 5 years.

On September 5, 2017, the Company granted 275,000 stock options to consultants of the Company. 75,000 of the total options vested immediately on the date of grant, whereas 200,000 options vest quarterly over four equal installments every three months with the first installment vesting three months from the date of grant. These options are exercisable at a price of \$0.35 per option for a period of 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 \$80,465 with the following assumptions: expected volatility of 123%, expected dividend yield of 0%, risk-free interest rate of 1.56% and expected life of 5 years.

On October 11, 2017, the Company granted 25,000 stock options to a consultant of the Company. These options vested immediately and are exercisable at a price of \$0.415 per option for a period of 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 \$8,540 with the following assumptions: expected volatility of 119%, expected dividend yield of 0%, risk-free interest rate of 1.77% and expected life of 5 years.

On October 16, 2017, the Company granted 25,000 stock options to a consultant of the Company. These options vested immediately and are exercisable at a price of \$0.45 per option for a period of 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 \$9,008 with the following assumptions: expected volatility of 113%, expected dividend yield of 0%, risk-free interest rate of 1.71% and expected life of 5 years.

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

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**11. EQUITY RESERVES (Continued)**

**Options (Continued)**

On March 8, 2016, the Company granted 301,000 stock options to the directors, officers and consultants of the Company at an exercise price of \$0.85. The options vested immediately on the date of 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 \$207,690 with the following assumptions: expected volatility of 116%, expected dividend yield of 0%, risk-free interest rate of 0.72%, and expected life of 5 years.

On June 22, 2016, the Company granted the Company's President and CEO 150,000 stock options at an exercise price of \$0.50. 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 \$61,500 with the following assumptions: expected volatility of 120%, expected dividend yield of 0%, risk-free interest rate of 0.70% and expected life of 5 years.

On October 19, 2016, the Company granted 25,000 stock options to a consultant of the Company. The options are exercisable at a price of \$0.50 for a period of five years and will vest in four equal installments every three months commencing on the grant date. The fair value of these options estimated on the date of the grant using the Black-Scholes option pricing model was \$7,793 with the following assumptions: expected volatility of 114%, expected dividend yield of 0%, risk-free interest rate of 0.71% and expected life of 5 years.

On November 10, 2016, the Company granted 20,000 stock options to a new director of the Company. The options vested immediately on the date of grant and are exercisable at a price of \$0.50 per option for a period of 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 \$8,052 with the following assumptions: expected volatility of 115%, expected dividend yield of 0%, risk-free interest rate of 0.87% and expected life of 5 years.

Reconciliation of the number of options for the years ended March 31, 2018 and 2017 are as follows:

	Year ended March 31, 2018		Year ended March 31, 2017	
	Stock Options	Exercise price	Stock Options	Exercise price
Balance - Beginning of period	1,392,000	\$0.97	1,419,500	\$1.10
Granted	1,275,000	\$0.36	195,000	\$0.50
Expired	(750,000)	\$0.91	(222,500)	\$1.37
Outstanding, End of period	1,917,000	\$0.59	1,392,000	\$0.97
Exercisable, End of period	1,817,000	\$0.60	1,373,250	\$0.97

**Trigon Metals Inc.**  
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**11. EQUITY RESERVES (Continued)**

**Options (Continued)**

As at March 31, 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	175,000	\$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
		<b>1,917,000</b>	<b>1,817,000</b>	<b>\$ 838,445</b>						

**Warrants**

Share purchase warrant transactions for the years ended March 31, 2018 and 2017 are summarized as follows:

	Year ended March 31, 2018		Year ended March 31, 2017	
	Number of Warrants	Amount	Number of Warrants	Amount
Outstanding, Beginning of year	1,431,750	\$ 404,821	5,942,030	\$ 1,801,499
Issued	4,990,831	622,040	1,431,750	411,179
Exercised	(766,666)	(99,441)	-	-
Expired	-	-	(5,942,030)	(1,801,499)
Warrant issue costs	-	(6,435)	-	(6,358)
<b>Outstanding, End of year</b>	<b>5,655,915</b>	<b>\$ 920,985</b>	<b>1,431,750</b>	<b>\$ 404,821</b>

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

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**11. EQUITY RESERVES (Continued)**

**Warrants (continued)**

As at 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

**12. RELATED PARTY TRANSACTIONS**

**Compensation of Key Management**

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

	Years ended March 31,	
	2018	2017
Consulting fees	\$ 717,500	\$ 461,545
Share-based payments	263,505	69,552
	\$ 981,005	\$ 531,097

Included in accounts payable and accrued liabilities as at March 31, 2018 is approximately \$63,281 consulting fees, moving and travel expenses (March 31, 2017 - \$2,239 consulting fees) charged by officers and directors of the Company.

Of the private placement financing that closed on June 1, 2017, a related company which has a common director acquired 666,667 units for gross proceeds of \$200,000.

Of the private placement financing that closed on July 31, 2017, directors and officers of the Company acquired an aggregate of 383,333 units for gross proceeds of \$115,000.

Of the private placement financing that closed on August 22, 2017, officers of the Company acquired an aggregate of 133,333 units for gross proceeds of \$40,000.

On April 20, 2017, the Company granted 250,000 stock options to directors of the Company to purchase shares of the Company at \$0.29 per option until April 20, 2022. Of the total 250,000 options, 100,000 were cancelled on October 27, 2017.

Of the total options granted on July 19, 2017, 650,000 options were granted to directors and officers of the company to purchase shares of the Company at \$0.385 per option until July 19, 2022.

**Trigon Metals Inc.**  
**Notes to the Consolidated Financial Statements**  
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**12. RELATED PARTY TRANSACTIONS (Continued)**

During the May 2016 private placement financing, directors and officers of the Company acquired an aggregate of 127,500 units for gross proceeds in the amount of \$102,000. In addition, a related company which has a common director acquired 462,500 shares for gross proceeds of \$370,000.

During the December 2016 private placement financing, directors and officers of the Company acquired an aggregate of 123,444 shares for gross proceeds of \$55,550. In addition, a related company which has a common director acquired 128,889 shares for gross proceeds of \$58,000.

During the June 2017 private placement financing, a related company which has a common director acquired 666,667 units for gross proceeds of \$200,000.

**13. 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.

**Manila Investments (Pty) Ltd. – Property obligations**

On April 23, 2012, the Company purchased, through the acquisition of Manila, 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 March 31, 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 \$1,080,000 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 consolidated financial statements. Additional minimum management contractual commitments remaining under the agreements are approximately \$542,900, 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 March 31, 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.

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**14. INCOME TAXES**

**a) Provision for income taxes**

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2017 - 26.5%) were as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Combined Canadian statutory income tax rate	26.50%	26.50%
(Loss) before income taxes	(3,818,529)	(1,804,277)
Expected income tax recovery based on statutory rate	(1,012,000)	(478,000)
Adjustment to expected income tax benefit:		
Stock Based Compensation	97,000	20,000
Non-deductible expenses and other	61,000	90,000
Changes and differences in tax rates	(92,000)	(25,000)
Change in benefit of tax assets recognized	946,000	393,000
Deferred income tax provision (recovery)	-	-

**b) Deferred income tax**

Deferred tax assets and (liabilities) have been recognized as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Property and equipment - Namibia	(24,000)	(60,000)
Non-capital loss carry-forward - Namibia	24,000	60,000
Total	-	-

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Share issuance costs - Canada	36,000	49,000
Exploration and evaluation expenditures - Canada	295,000	295,000
Non-capital loss carry-forwards - Canada	10,070,000	8,278,000
Non-capital loss carry-forwards - Barbados	218,000	216,000
Non-capital loss carry-forwards - Namibia	3,404,000	2,138,000

Deferred tax assets have not been recognized in respect of these temporary differences as it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

**c) Losses carried forward**

As at March 31, 2018, the Company had estimated non-capital losses for Canadian income tax purposes of approximately \$10,070,000 (2017 - \$8,278,000) available to use against future taxable income. The non-capital losses expire between 2032 and 2038.

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

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**14. INCOME TAXES (Continued)**

**c) Losses carried forward (Continued)**

The Company's Barbados subsidiaries have non-capital losses of approximately \$218,000 (2017 - \$216,000) available to use against future taxable income, expiring between 2021 and 2027.

In addition, the Company's Namibian subsidiaries have non-capital losses of approximately N\$31,675,000 (2017 - N\$23,110,000) available to use against future taxable income. These non-capital losses may be carried forward indefinitely.

Expiry	Canada	Barbados	Namibia	Total
2021	\$ -	\$ 19,000	\$ -	\$ 19,000
2022	-	16,000	-	16,000
2023	-	13,000	-	13,000
2024	-	139,000	-	139,000
2025	-	14,000	-	14,000
2026	-	15,000	-	15,000
2027	-	2,000	-	2,000
2032	1,951,000	-	-	1,951,000
2033	1,657,000	-	-	1,657,000
2034	976,000	-	-	976,000
2035	1,289,000	-	-	1,289,000
2036	1,089,000	-	-	1,089,000
2037	1,316,000	-	-	1,316,000
2038	1,792,000	-	-	1,792,000
Indefinitely	-	-	3,468,000	3,468,000
	<u>\$ 10,070,000</u>	<u>\$ 218,000</u>	<u>\$ 3,468,000</u>	<u>\$ 13,756,000</u>

**15. SUBSEQUENT EVENTS**

Subsequent to March 31, 2018, the Company granted 450,000 stock options, vesting immediately, to certain directors, officers and consultants to purchase shares of the Company at \$0.20 until June 6, 2023.

Subsequent to March 31, 2018, the Company has secured bridge financing of \$450,000 on an unsecured basis, interest free and subject to no fixed repayment terms, as well as \$475,000 from Aberdeen International Inc. repayable six months from drawdown, unsecured and subject to interest at 12% per annum. Pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions, the loans from Aberdeen constitute related party transactions. The Company is relying on an exemption from the formal valuation and minority shareholder approval requirements of MI 61-101 on the basis that the value of the loans is less than 25% of the Company's market capitalization.

In July 2018, Trigon received notification from the Ministry of Environment and Tourism in Namibia that it had been awarded the Environmental Clearance Certificate for open pit mining operations proposed for the Kombat East and Central areas of the Kombat mine. The notification also includes clearance for dewatering for underground exploration activities, which the Company intends to undertake, initially at the Asis Far West shaft. The clearance is valid for a period of three years from July 2, 2018.

On July 20, 2018, the Company filed a NI 43-101 technical report in support of the Kombat open pit Feasibility Study results and Mineral Reserves and Mineral Resources, and updated the preliminary economic assessment results on the Kombat underground mines and Gross Otavi.