



# **Trigon Metals Inc.**

## **Condensed Interim Consolidated Financial Statements**

*For the three and six months ended September 30, 2021 and 2020*

*(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)

As at	Notes	September 30, 2021	March 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 4,218,246	\$ 3,332,334
Amounts receivable	4	547,588	56,557
Prepaid expenses	5	82,830	26,044
<b>Total current assets</b>		<b>4,848,664</b>	<b>3,414,935</b>
<b>Non-current assets</b>			
Deposits on long term assets	5	5,661,608	-
Property and equipment	6	2,462,141	388,372
<b>Total Assets</b>		<b>\$ 12,972,413</b>	<b>\$ 3,803,307</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	8,9,10,13	\$ 848,313	\$ 437,457
Acquisition fees payable	7,8,9,10	832,021	837,776
<b>Total current liabilities</b>		<b>1,680,334</b>	<b>1,275,233</b>
<b>Non-current liabilities</b>			
Acquisition fees payable	8,9,10	1,016,507	1,015,729
<b>Total Liabilities</b>		<b>\$ 2,696,841</b>	<b>\$ 2,290,962</b>
<b>EQUITY</b>			
<b>Equity attributable to shareholders of Trigon Metals Inc.:</b>			
Share capital	11	56,114,481	45,636,145
Warrants	12	3,090,723	2,490,361
Contributed surplus	12	676,237	745,037
Deficit		(48,784,534)	(46,741,166)
<b>Total equity attributable to shareholders of Trigon Metals Inc.</b>		<b>11,096,907</b>	<b>2,130,377</b>
Non-controlling interest		(821,335)	(618,032)
<b>Total Equity</b>		<b>10,275,572</b>	<b>1,512,345</b>
<b>Total Liabilities and Equity</b>		<b>\$ 12,972,413</b>	<b>\$ 3,803,307</b>

**Nature of operation and going concern (note 1)**

**Commitments and contingencies (note 14)**

**Subsequent events (notes 15)**

Approved by the Board of Directors on November 26, 2021.

*"Jed Richardson"*

Jed Richardson  
Director

*"Larisa Spratt"*

Larisa Spratt  
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)

	Notes	Three months ended September 30,		Six months ended September 30,	
		2021	2020	2021	2020
<b>Expenses</b>					
Consulting fees	13	\$ 699,078	\$ 191,443	\$ 1,080,857	\$ 373,149
Professional fees		48,881	21,916	81,295	35,542
Travel and related costs		111,313	-	154,499	-
Investors relations, promotion and filing fees		91,045	104,272	105,799	114,583
General and administrative costs		139,067	37,038	201,438	75,445
Exploration and evaluation expenditures	7,14	125,458	222,340	438,947	416,770
Depreciation	6	22,876	1,975	38,454	3,901
Foreign exchange loss (gain)		222,225	607	232,145	(4,447)
Total expenses before the undernoted		\$ 1,459,943	\$ 579,591	\$ 2,333,434	\$ 1,014,943
<b>Other income (expense)</b>					
Interest income		1,432	-	3,072	-
Interest expense		-	(7,631)	-	(16,283)
Other income		15,895	-	21,597	-
Loss on disposal of equipment		-	(3,008)	-	(3,457)
Impairment of receivables		(2,603)	-	(601)	-
Accretion expenses		63,609	-	4,977	-
Acquisition of mineral property		-	(2,862,351)	-	(2,862,351)
<b>Net loss and comprehensive loss</b>		<b>\$ (1,381,610)</b>	<b>\$ (3,452,581)</b>	<b>\$ (2,304,389)</b>	<b>\$ (3,897,034)</b>
<b>Net loss and comprehensive loss attributable to:</b>					
Shareholders of Trigon Metals Inc.		\$ (1,248,401)	(3,424,286)	\$ (2,101,086)	\$ (3,846,686)
Non-controlling interest		(133,209)	(28,295)	(203,303)	(50,348)
		<b>\$ (1,381,610)</b>	<b>\$ (3,452,581)</b>	<b>\$ (2,304,389)</b>	<b>\$ (3,897,034)</b>
<b>Loss per share</b>					
Basic and diluted		<b>(0.01)</b>	(0.04)	<b>(0.02)</b>	(0.04)
<b>Weighted average number of common shares outstanding</b>					
Basic and diluted		<b>136,103,247</b>	92,955,451	<b>126,930,019</b>	91,717,954

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

**Trigon Metals Inc.**  
**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

(Expressed in Canadian dollars)

	Notes	Attributable to equity owners of Trigon Metals Inc.							Non-controlling interest	Total equity
		Number of common shares	Share Capital	Contributed surplus	Warrants	Deficit	Total shareholders' equity			
<b>Balance as at March 31, 2021</b>		<b>116,067,023</b>	<b>\$ 45,636,145</b>	<b>\$ 745,037</b>	<b>\$ 2,490,361</b>	<b>\$ (46,741,166)</b>	<b>\$ 2,130,377</b>	<b>(618,032)</b>	<b>1,512,345</b>	
Net loss for the period		-	-	-	-	(2,101,086)	(2,101,086)	(203,303)	(2,304,389)	
Private placements	11	17,165,000	6,866,000	-	-	-	6,866,000	-	6,866,000	
Warrants issued	11,12	-	(1,395,814)	-	1,395,814	-	-	-	-	
Broker warrants issued	11,12	-	(148,735)	-	148,735	-	-	-	-	
Share and warrant issue costs	11,12	-	(322,120)	-	(82,195)	-	(404,315)	-	(404,315)	
Warrants exercised	11,12	23,747,872	4,596,931	-	-	-	4,596,931	-	4,596,931	
Value of warrants exercised	11,12	-	865,774	-	(865,774)	-	-	-	-	
Warrant issue cost expired	11,13	-	-	-	3,782	(3,782)	-	-	-	
Options exercised	11,12	50,000	9,000	-	-	-	9,000	-	9,000	
Value of options exercised	11,12	-	7,300	(7,300)	-	-	-	-	-	
Options expired unexercised	12	-	-	(61,500)	-	61,500	-	-	-	
<b>Balance as at September 30, 2021</b>		<b>157,029,895</b>	<b>56,114,481</b>	<b>676,237</b>	<b>3,090,723</b>	<b>(48,784,534)</b>	<b>11,096,907</b>	<b>(821,335)</b>	<b>10,275,572</b>	
<b>Balance as at March 31, 2020</b>		<b>90,466,859</b>	<b>40,239,927</b>	<b>834,647</b>	<b>1,831,520</b>	<b>(40,773,424)</b>	<b>2,132,670</b>	<b>(488,342)</b>	<b>1,644,328</b>	
Net loss for the period		-	-	-	-	(3,846,686)	(3,846,686)	(50,348)	(3,897,034)	
Shares issued for property	7,11	6,300,000	787,500	-	-	-	787,500	-	787,500	
Private placements	11	13,838,999	4,843,650	-	-	-	4,843,650	-	4,843,650	
Warrants issued	11,12	-	(1,090,972)	-	1,090,972	-	-	-	-	
Share and warrant issue costs	11,12	-	(354,841)	-	(121,935)	-	(476,776)	-	(476,776)	
Broker warrants issued	11,12	-	(64,584)	-	64,584	-	-	-	-	
Warrants exercised	11,12	1,647,500	373,500	-	-	-	373,500	-	373,500	
Value of warrants exercised	11,12	-	82,263	-	(82,263)	-	-	-	-	
Warrants expired unexercised	12	-	-	-	(328,371)	328,371	-	-	-	
<b>Balance as at September 30, 2020</b>		<b>112,253,358</b>	<b>44,816,443</b>	<b>834,647</b>	<b>2,454,507</b>	<b>(44,291,739)</b>	<b>3,813,858</b>	<b>(538,690)</b>	<b>3,275,168</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)

	Notes	Six months ended September 30,	
		2021	2020
<b>Cash provided by (used in):</b>			
<b>Operating activities</b>			
Net loss for the period		\$ (2,304,389)	\$ (3,897,034)
Adjustments for items not affecting cash:			
Acquisition of mineral property		-	2,862,351
Depreciation	6	38,454	3,901
Interest expense		-	16,283
Accretion expense		(4,977)	-
Loss on disposal of property and equipment		-	3,457
Write off of receivables		601	-
Unrealized foreign exchange gain		-	(2,977)
Net cash from operating activities before changes in working capital		(2,270,311)	(1,014,019)
Net changes in non-cash working capital			
Change in amounts receivable		(481,632)	(24,594)
Change in prepaid expenses		(56,786)	11,195
Change in accounts payable and accrued liabilities		410,856	237,196
<b>Net cash flows used in operating activities</b>		<b>(2,397,873)</b>	<b>(790,222)</b>
<b>Investing activities</b>			
Deposits on long term assets	5	(5,661,608)	-
Purchase of property and equipment	6	(2,112,223)	(2,464)
Proceeds on disposal of property and equipment		-	13,096
Equipment received from acquisition of minearal property		-	94
Cash received from acquisition of mineral property		-	(14)
<b>Net cash flows (used in) provided by investing activities</b>		<b>(7,773,831)</b>	<b>10,712</b>
<b>Financing activities</b>			
Proceeds from private placements	11	6,856,000	4,843,650
Shares issued from warrants exercised	11,12	4,596,931	373,500
Shares issued from options exercised	11,12	9,000	-
Share and warrant issuance costs	11	(404,315)	(476,776)
Bridge financing		-	(434,505)
<b>Net cash flows provided by financing activities</b>		<b>11,057,616</b>	<b>4,305,869</b>
Increase in cash during the period		885,912	3,526,359
Cash - Beginning of period		3,332,334	2,051,421
<b>Cash - End of period</b>		<b>\$ 4,218,246</b>	<b>\$ 5,577,780</b>
<b>Supplemental information</b>			
Shares and finder shares issued for property acquisition	7,11	\$ -	\$ 787,500
Broker warrants issued	11	\$ 148,735	\$ 64,584

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

**Trigon Metals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
For the three and six months ended September 30, 2021 and 2020  
(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 130 Queens Quay East, Suite 1224, Toronto, Ontario M5A 0P6.

These condensed interim consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on November 26, 2021.

The principal business activities of Trigon and its subsidiaries (collectively, the “Company”) are the acquisition, maintenance, exploration and development of mines and mineral properties on the African continent. 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, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis.

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 property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

**Going concern**

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, 2021, the Company had working capital of \$3,168,330 compared with \$2,139,702 as at March 31, 2021. During the three and six months ended September 30, 2021, the Company incurred a net loss of \$1,381,610 and \$2,304,389 (2020: \$3,452,581 and \$3,897,034). 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 fiscal 2022 and 2021, the Company was able to raise funds through financings. See notes 11 and 15. However, there is no assurance that additional financing will be available on terms acceptable to the Company, or at all. These matters represent material uncertainties that cast significant doubt on 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.

Novel Coronavirus (“COVID-19”)

The Company’s operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations. Despite the severity of COVID-19 pandemic, there were no material impacts on the Company’s operations and finances for the three and six months ended September 30, 2021.

## **Trigon Metals Inc.**

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

For the three and six months ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

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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 accounting policies based on International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretation Committee (“IFRIC”) interpretations.

The accounting policies as set out in the Company’s audited consolidated financial statements for the year ended March 31, 2021 were consistently applied to all periods presented, unless otherwise noted below.

The preparation of condensed interim financial statements in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. Certain disclosures included in annual financial statements have been condensed or omitted.

### **Basis of preparation**

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are stated at their fair values. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts have been rounded to the nearest dollars, unless otherwise indicated.

### **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%, Trigon Mining (Namibia) (Pty) Ltd. (“TMN”) (Namibia) 80%, Technomine Africa Sarl (Morocco) 100% and Gazania Investments Nine (Pty) Ltd. (Namibia) 100%. 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 condensed interim consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. These 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.

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.

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:

## **Trigon Metals Inc.**

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

For the three and six months ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

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

##### **Consolidation (continued)**

- 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.

##### **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 April 1, 2021 or later. Updates that are not applicable or are not consequential to the Company have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company’s right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company’s own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 16 – Property, Plant and Equipment (“IAS 16”) was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets (“IAS 37”) was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IFRS 3 – Business Combinations (“IFRS 3”) was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022.

## Trigon Metals Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

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#### 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.

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.

- Commercial production

The determination of when the mine is in a condition necessary for it to be capable of operating in the manner intended by management (referred to as "commercial production") is a matter of judgment that will impact when the Company recognizes revenue and operating costs in the condensed interim consolidated statement of loss and depreciation and depletion commence. In making this determination, management considered whether (a) the major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management had been completed; (b) a reasonable period of commissioning had been completed; (c) consistent operating results have been achieved at the previously budgeted level of design capacity; and (d) the transfer of operations from the construction personnel to operations personnel had been completed. As at September 30, 2021, management and the Board has not declared for commercial production.

- Control of subsidiaries

The Company consolidates subsidiaries over which it has control. Management assesses control in accordance with IFRS 10 - Condensed interim 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.

- Determination of discount rates

Determination of the discount rate for acquisition fees payable is based on comparison to similar interest bearing debt instruments of a group of comparative companies.

## Trigon Metals Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

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

*Critical judgment in applying accounting policies: (continued)*

- Acquisitions

For acquisitions, the Company must make assumptions and estimates to determine the purchase price accounting of the assets and liabilities being acquired, as well as the expected outcomes of contingent items. To do so, the Company must determine the acquisition date fair value of the identifiable assets acquired and liabilities assumed. The determination of these fair market values are inherently subjective and require judgement. In addition the Company must consider whether the acquisition of a subsidiary or group of assets constitutes a business combination or an asset acquisition. This is done by considering whether the acquired group includes inputs and process or whether there is a concentration of assets being acquired. These assumptions and estimates have an impact on the asset and liability amounts recorded in 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.

- 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 and warrants

The Company records share-based compensation at fair value over the vesting period. The Company also issues warrants. The fair value of the options and warrants 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. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Estimation of decommissioning and restoration costs and the timing of expenditure

The cost estimates are updated annually to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

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

*Key sources of estimation uncertainty: (continued)*

- Income, value added, withholding and other taxes

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

The Company is subject to income, value added, withholding and other taxes. 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 during 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, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. 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 related filings are subject to government 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.

- Contingencies  
Refer to Note 14.

**4. AMOUNTS RECEIVABLE**

	<b>September 30, 2021</b>		March 31, 2021	
Sales taxes receivable	\$	537,590	\$	56,143
Trade and other receivable		9,998		414
	\$	547,588	\$	56,557

**5. PREPAID EXPENSES**

	<b>September 30, 2021</b>		March 31, 2021	
<b><u>Current</u></b>				
Insurance	\$	24,054	\$	9,066
Deposit		-		850
Other		58,776		16,128
		82,830		26,044
<b><u>Long term</u></b>				
Deposits on long term assets		5,661,608		-
	\$	5,744,438	\$	26,044

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**6. PROPERTY AND EQUIPMENT**

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

	Office furniture, equipment and software	Vehicles	Buildings	Land	Machinery and Equipment	Assets under construction	Total
Balance, March 31, 2020	\$ 6,300	\$ 22,903	\$ 60,920	\$ 182,508	\$ 155,036	\$ -	\$ 427,667
Additions (Disposals)	5,658	103,861	-	-	(27,465)	-	82,054
Balance, March 31, 2021	\$ 11,958	\$ 126,764	\$ 60,920	\$ 182,508	\$ 127,571	\$ -	\$ 509,721
Additions (Disposals)	160,052	74,108	-	-	30,928	1,847,135	2,112,223
Balance, September 30, 2021	\$ 172,010	\$ 200,872	\$ 60,920	\$ 182,508	\$ 158,499	\$ 1,847,135	\$ 2,621,944

**Accumulated depreciation, depletion and impairment**

Balance, March 31, 2020	\$ (6,300)	\$ (13,537)	\$ (9,136)	\$ -	\$ (73,953)	\$ -	\$ (102,926)
Changes for the year	(1,138)	(10,811)	(1,523)	-	(4,951)	-	(18,423)
Balance, March 31, 2021	\$ (7,438)	\$ (24,348)	\$ (10,659)	\$ -	\$ (78,904)	\$ -	\$ (121,349)
Changes for the period	(7,356)	(20,352)	(761)	-	(9,985)	-	(38,454)
Balance, September 30, 2021	\$ (14,794)	\$ (44,700)	\$ (11,420)	\$ -	\$ (88,889)	\$ -	\$ (159,803)

**Net book value**

As at March 31, 2021	\$ 4,520	\$ 102,416	\$ 50,261	\$ 182,508	\$ 48,667	\$ -	\$ 388,372
As at September 30, 2021	\$ 157,216	\$ 156,172	\$ 49,500	\$ 182,508	\$ 69,610	\$ 1,847,135	\$ 2,462,141

Kombat Mine start up costs capitalized during the six months ended September 30, 2021 on the property consists of the following:

	Six months ended September 31, 2021	Year ended March 31, 2021
Assets under construction		
Assay	\$ 30,324	\$ -
Consulting Fees	31,624	-
Drilling	165,790	-
Environmental	42,895	-
Feasibility Study	86,126	-
Information Technology	21,957	-
Lab	200,383	-
Mine restart	670,452	-
Plant Refurbishment	575,832	-
Resource Update	21,752	-
	\$ 1,847,135	\$ -

During the three and six months ended September 30, 2021, the Company has progressed into the restart of open pit mining and the production of copper concentrate at the Kombat Mine, Namibia. All costs associated with the startup are capitalized and expected to be amortized over the life of mine during production phase.

## Trigon Metals Inc.

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#### 7. EXPLORATION AND EVALUATION EXPENDITURES

	Three months ended September 30,		Six months ended September 30,	
	2021	2020	2021	2020
<b><u>Trigon Namibia</u></b>				
Drilling and assay	\$ 3,778	\$ -	\$ 166,519	\$ 623
Field office and support	-	33,941	-	63,100
Consulting and labour	-	144,315	17,402	302,332
Licence and permit	3,448	585	3,448	585
Technical report	-	24,297	-	24,297
Travel	-	10,450	-	17,081
	<b>\$ 7,226</b>	<b>\$ 213,588</b>	<b>\$ 187,369</b>	<b>\$ 408,018</b>
<b><u>Technomine, Morocco</u></b>				
Assay and survey	\$ -	\$ 7,822	\$ -	\$ 7,822
Drilling	-	-	10,276	-
Field office and support	23,384	-	40,772	-
Consulting and labour	84,850	-	169,760	-
Travel	7,527	930	15,768	930
	<b>\$ 115,761</b>	<b>\$ 8,752</b>	<b>236,576</b>	<b>\$ 8,752</b>
<b><u>Gazania Namibia</u></b>				
Environmental assessment	\$ 65	\$ -	\$ 65	\$ -
Licence and permit	-	-	709	-
Field office and support	2,406	-	14,228	-
	<b>\$ 2,471</b>	<b>\$ -</b>	<b>\$ 15,002</b>	<b>\$ -</b>
<b>Total exploration and evaluation expenditures</b>	<b>\$ 125,458</b>	<b>\$ 222,340</b>	<b>\$ 438,947</b>	<b>\$ 416,770</b>

The Company holds an effective 80% interest in its five mining licenses in Northern Namibia through its subsidiary, Trigon Mining (Namibia) (Pty) Ltd. The mining licenses expired in March 2019 and applications for their renewal were lodged by the Company. In June 2021, the Company was granted a renewal of licenses for its five land holdings by the Namibian Ministry of Mines and Energy for a 10 year period from June 2, 2021.

On February 20, 2020, Trigon Mining (Namibia) (Pty) Ltd ("Trigon Namibia"), Trigon's 80% owned subsidiary, was awarded a new Exclusive Prospecting Licence No. 7525 ("EPL 7525") by the Ministry of Mines and Energy in Namibia for a three-year period, commencing on January 17, 2020, in respect of base and rare metals, industrial minerals and precious metals, subject to the terms and conditions of the Minerals (Mining and Prospecting) Act No. 33 of 1992 relating to exclusive prospecting licenses. EPL 7525 is situated to the west of the Kombat project and south of certain of the Company's licenses related to the Kombat Mine.

On September 24, 2020, the Company acquired a 100% equity interest in Technomine Africa S.A.R.L. ("Technomine"), a Moroccan company from Technomine's previous shareholders. Technomine owns a 100% interest in the Silver Hill Project in Morocco. Below are the terms of the transaction:

## Trigon Metals Inc.

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#### 7. EXPLORATION AND EVALUATION EXPENDITURES (continued)

1. Pay to the Vendors \$500,000 in cash (paid) and issue 6,000,000 common shares (issued) on closing of the Transaction (the "First Payment"). The common shares were value at \$750,000 based on their trading price subsequent to the signing of the share purchased agreement.
2. On the one-year anniversary of the closing of the Transaction, Trigon must pay to the Vendors \$400,000 (outstanding), and issue such number of Trigon common shares equal to \$250,000 (based on their trading price at the time) (outstanding) (the "Second Payment").
3. Upon the completion of an independent National Instrument 43-101 compliant mineral resource estimate at the Project showing at least 100,000 tonnes of contained copper and/or equivalent, Trigon shall issue such number of shares equal to \$1,250,000 (based on their trading price at the time) to the Vendors.

In addition, the Company paid \$25,000 cash and issued 300,000 common shares to Majilias Inc. for its role as an arm's length finder. The common shares were value at \$37,500 based their trading price subsequent to the signing of the share purchased agreement. The finder shall also be entitled to a finder's fee of 5% in cash and share consideration comprising the Second Payment, when paid by Trigon.

On February 25, 2021, the Company acquired a 100% equity interest in Gazania Investments Nine (Pty) Ltd, (Namibia) ("Gazania"), of which 80% from Sabre Resources Ltd., Australia and 20% from Coniston Pty Ltd., Australia. Gazania is the 100% owner of License EPL3540. Below are the terms of the transaction:

The acquisition was implemented by way of the acquisition by Trigon, through its wholly owned subsidiary, PNT Financeco Corp., of 80% of the shares in Starloop from Sabre (the "Starloop Shares") and 20% of the shares in Gazania from Coniston (the "Gazania Shares").

As consideration for the Starloop Shares, Trigon paid \$200,000 on fulfilment of the conditions precedent to the sale and purchase agreement signed with Sabre ("Sabre Agreement"). A second tranche cash payment of \$100,000 is payable to Sabre on the renewal of the Licence by the Namibian Ministry of Mines and Energy, subject to such renewal being granted within three years of signature of the Sabre Agreement.

As consideration for the Gazania Shares, Trigon paid \$1,000 on fulfilment of the conditions precedent to the sale and purchase agreement signed with Coniston ("Coniston Agreement"). A second tranche cash payment of \$100,000 is payable to Coniston on the renewal of the Licence by the Namibian Ministry of Mines and Energy, subject to such renewal being granted within three years of signature of the Coniston Agreement. Trigon has also paid a facilitation fee of \$99,000 to Kalgoorlie Mine Management Pty Ltd for its assistance in facilitating and documenting the acquisition. The acquisition is an arm's length transaction.

#### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2021		March 31, 2021	
<b><u>Current</u></b>				
Trade payables	\$	668,824	\$	221,467
Accruals		179,489		215,990
Acquisition fees payable (Note 14)		832,021		837,776
	\$	1,680,334	\$	1,275,233
<b><u>Long term</u></b>				
Acquisition fees payable (Note 14)		1,016,507		1,015,729
	\$	2,696,841	\$	2,290,962

## Trigon Metals Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

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#### 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, accounts payable and accrued liabilities and acquisition fees payable. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments. The non-current portion of the acquisition fees payable are recorded at a 15% discount rate. The Company has no financial instruments recorded at fair value.

Financial assets and financial liabilities As at September 30, 2021 were as follows:

	Assets & liabilities at amortized cost	Assets & liabilities at fair value through profit & loss	TOTAL
<u>At September 30, 2021</u>			
Financial assets:			
Cash	\$ 4,218,246	\$ -	\$ 4,218,246
Amounts receivable (Note 4)	(2)	10,000	9,998
Financial liabilities:			
Accounts payable and accrued liabilities	(848,313)	-	(848,313)
Acquisition fees payable	(1,848,528)	-	(1,848,528)

#### 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.

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, 2021. 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, 2021, the Company believes it is compliant with the policies of the TSXV.

##### Financial risks

The Company's financial instruments comprise cash, amounts receivable, accounts payable and accrued liabilities, acquisition fees payable 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 limited interest rate risk as there are no outstanding variable rate borrowings and the Company finances its operations primarily through share offerings and short-term fixed interest rate debt.

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**10. 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 six months ended September 30, 2021, 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. Not having a producing asset generating sales and accounts receivable, the Company's credit risk is considered limited as there is no exposure to a single customer or counterparty. 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. As cash balances are held with high credit quality financial institutions, the credit risk to the Company is considered minimal. The Company monitors and is subject to normal industry credit risks.

**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities 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 endeavour to have sufficient liquidity to meet liabilities when due. As at September 30, 2021, the Company had a cash balance of \$4,218,246 (March 31, 2021: \$3,332,334) and amounts receivable other than sales taxes receivable of \$9,998 (March 31, 2021: \$414). As at September 30, 2021, the Company's financial liabilities consisted of accounts payable and accrued liabilities of \$848,313 (March 31, 2021: \$435,573) based on contractual undiscounted payments and acquisition payable of \$832,021 (March 31, 2021: \$837,776) all due in less than one year plus long term liabilities of \$1,016,507 (March 31, 2021: \$1,015,729) due in two years.

During the six months ended September 30, 2021, Trigon raised \$6,856,000 through private placement financing, \$4,596,931 through warrants exercised and \$9,000 through exercise of options.

**Interest rate risk**

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash is limited due to the short-term investment nature. The Company's outstanding loans and interest-bearing debts are subject to fixed interest rates, and the Company has not entered into any interest rate swaps or other rate program at his time.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodities 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.

## Trigon Metals Inc.

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#### 10. CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS (Continued)

##### Foreign currency risk

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 Australian dollars for its operations in Namibia and Moroccan Dirham and US dollars in Morocco. 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, accounts payable and accruals 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 \$597,693 (year ended March 31, 2021: \$(1,809)).

#### 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, 2021 were as follows. All issued shares are fully paid.

	Number of shares	Issued Capital
<b>Balance, March 31, 2021</b>	<b>116,067,023</b>	<b>45,636,145</b>
Shares issued pursuant to private placements	17,165,000	6,866,000
Warrants issued	-	(1,395,814)
Broker warrants issued	-	(148,735)
Cost of issue	-	(322,120)
Warrants exercised	23,747,872	4,596,931
Value of warrants exercised	-	865,774
Options exercised	50,000	9,000
Value of options exercised	-	7,300
<b>Balance, September 30, 2021</b>	<b>157,029,895</b>	<b>56,114,481</b>

On September 7, 2021, the Company closed a non-brokered first tranche of private placement of units. The Company issued 9,602,500 units pursuant to the first tranche at a price of \$0.40 per unit for aggregate gross proceeds of \$3,841,000. Each unit is comprised of one common share of Trigon and one-half of one common share purchase warrant. Each warrant will entitle the holder thereof to acquire one share at a price of \$0.50 for a period of 24 months following the date hereof, subject to an acceleration provision whereby in the event that at any time after the expiry of the statutory hold period, the shares trade at \$0.75 or higher on the TSX Venture Exchange 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. In connection with the first tranche, the Company paid cash finder's fees of \$217,630 and issued 544,075 finder's warrants to eligible finders. Each finder warrant will entitle the holder thereof to acquire one share at a price of \$0.40 for a period of 24 months following the date hereof. The issue date fair value of the warrants and broker warrants was estimated at \$780,691 and \$96,504 using the Black Scholes option pricing model with the following assumptions: expected share price at \$0.32, expected dividend yield of 0%; expected volatility of 119.3% (based on the Company's historical volatility); risk-free interest rate of 0.40% and an expected life of 2 years.

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#### 11. SHARE CAPITAL

On September 20, 2021, the Company closed a second and final tranche of private placement. The Company issued 7,562,500 units pursuant to the second tranche at a price of \$0.40 per unit aggregate gross proceeds of \$3,025,000. Each unit is comprised of one common share of Trigon and one-half of one common share purchase warrant. Each Warrant will entitle the holder thereof to acquire one Share at a price of \$0.50 for a period of 24 months following the date hereof, subject to an acceleration provision whereby in the event that at any time after the expiry of the statutory hold period, the Shares trade at \$0.75 or higher on the TSX Venture Exchange 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. In connection with the second tranche, the Company paid cash finder's fees of \$149,800 and issued 294,350 finder's warrants to eligible finders. Each finder warrant will entitle the holder thereof to acquire one share at a price of \$0.40 for a period of 24 months following the date hereof. The issue date fair value of the warrants and broker warrants was estimated at \$615,123 and \$52,239 using the Black Scholes option pricing model with the following assumptions: expected share price at \$0.32, expected dividend yield of 0%; expected volatility of 119.3% (based on the Company's historical volatility); risk-free interest rate of 0.44% and an expected life of 2 years.

#### 12. EQUITY RESERVES

	No. of Options	Weighted Average Exercise Price	Grant Date Fair Value of Options	No. of Warrants, Broker Warrants	Weighted Average Exercise Price	Grant Date Fair Value of Warrants, Broker Warrants	TOTAL
<b>March 31, 2021</b>	<b>4,085,000</b>	<b>\$0.22</b>	<b>\$ 745,037</b>	<b>45,226,598</b>	<b>\$0.24</b>	<b>\$ 2,490,361</b>	<b>\$ 3,235,398</b>
Granted	-	\$0.00	-	9,420,925	\$0.49	1,544,549	1,544,549
Exercised	(50,000)	\$0.18	(7,300)	(23,747,872)	\$0.19	(865,774)	(873,074)
Expired	(150,000)	\$0.50	(61,500)	-	-	-	(61,500)
Warrant issue costs (net)	-	-	-	-	-	(78,413)	(78,413)
<b>September 30, 2021</b>	<b>3,885,000</b>	<b>\$0.21</b>	<b>\$ 676,237</b>	<b>30,899,651</b>	<b>\$0.35</b>	<b>\$ 3,090,723</b>	<b>\$ 3,766,960</b>

See note 15 subsequent events.

#### 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.

There were no options granted during the three and six months ended September 30, 2021 and 2020. The weighted average life of total outstanding options is 2.58 years As at September 30 2021 (2020 – 3.41 years).

As at September 30, 2021, the Company had stock options outstanding and exercisable as follows:

Grant date	Expiry date	Number outstanding	Number exercisable	Exercise price	Grant date fair value	Dividend yield (%)	Expected volatility (%)	Expected life (years)	Risk free rate (%)
19-Jul-17	19-Jul-22	550,000	550,000	\$0.385	173,086	0	117	5	1.52
11-Aug-17	11-Aug-22	25,000	25,000	\$0.24	4,743	0	110	5	1.46
11-Oct-17	11-Oct-22	25,000	25,000	\$0.415	8,540	0	119	5	1.77
16-Oct-17	16-Oct-22	25,000	25,000	\$0.45	9,008	0	113	5	1.71
06-Jun-18	06-Jun-23	350,000	350,000	\$0.20	56,000	0	112	5	2.16
21-Oct-19	21-Oct-24	2,910,000	2,910,000	\$0.18	424,860	0	115	5	1.57
		<b>3,885,000</b>	<b>3,885,000</b>		<b>\$ 676,237</b>				

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**12. EQUITY RESERVES (CONTINUED)**

**Warrants**

As at September 30, 2021, the Company had share purchase warrants outstanding as follows:

	Grant date	Expiry date	Number outstanding	Exercise price	Grant date fair value	Dividend yield (%)	Expected volatility (%)	Expected life (years)	Risk free rate (%)
Warrants on units	01-Oct-18	01-Oct-21	1,166,666	\$0.25	\$ 52,812	0	97	3	2.31
Warrants on units	08-Jan-20	08-Jan-23	12,212,496	\$0.20	440,602	0	97	3	1.65
Broker warrants	08-Jan-20	08-Jan-23	164,950	\$0.20	14,906	0	97	3	1.65
Warrants on units	24-Sep-20	24-Sep-23	6,909,499	\$0.45	1,089,395	0	112	3	0.26
Warrants on units	13-Oct-20	13-Oct-23	735,999	\$0.45	115,983	0	112	3	0.23
Broker warrants	24-Sep-20	24-Sep-23	289,116	\$0.45	64,584	0	112	3	0.26
Warrants on units	07-Sep-21	07-Sep-23	4,801,250	\$0.50	780,691	0	119	2	0.40
Broker warrants	07-Sep-21	07-Sep-23	544,075	\$0.40	96,504	0	119	2	0.40
Warrants on units	20-Sep-21	20-Sep-23	3,781,250	\$0.50	615,123	0	119	2	0.44
Broker warrants	20-Sep-21	20-Sep-23	294,350	\$0.40	52,231	0	119	2	0.44
Warrant issue costs					(232,108)				
			<b>30,899,651</b>		<b>\$ 3,090,723</b>				

The weighted average life of total outstanding warrants is 1.62 years As at September 30, 2021 (2021 – 2.09 years).

**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	
	2021	2020	2021	2020
Consulting fees	\$ 203,333	\$ 97,500	\$ 308,333	\$ 195,000
	<b>\$ 203,333</b>	<b>\$ 97,500</b>	<b>\$ 308,333</b>	<b>\$ 195,000</b>

See also note 14.

Included in accounts payable and accrued liabilities as at September 30, 2021 was approximately \$45,895 for consulting fees and expenses (March 31, 2021: \$30,234) charged by former officer and director of the Company. Such amounts are unsecured, non-interest bearing and with no fixed terms of payment.

In September 2021, Eric Sprott, 2176423 Ontario Ltd. (a corporation he beneficially owns) exercised 1,333,333 warrants of Trigon Metals Inc., at \$0.25 per common share for aggregate consideration of \$333,333. This results in Mr. Sprott beneficially owning and controlling 31,048,332 shares and 7,524,166 warrants representing approximately 19.99% of the outstanding Shares on a non-diluted basis and approximately 23.7% on a partially diluted basis assuming the exercise of such Warrants.

In September 2021, Jed Richardson, a director and officer of the Company exercised 433,333 share purchase warrants of the Company for consideration of \$108,333. Of the total proceeds, \$10,000 was outstanding and included in amounts receivable as at September 30, 2021.

## **Trigon Metals Inc.**

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

For the three and six months ended September 30, 2021 and 2020

(Expressed in Canadian dollars)

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#### **14. COMMITMENTS AND CONTINGENCIES**

##### **Management contracts**

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments of up to \$971,000 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 \$472,000, all due within one year.

##### **Legal claims**

From time to time, the Company is named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at period end, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to net loss in that period.

##### **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 believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

##### **Kombat Project**

On April 23, 2012, the Company purchased, through the acquisition of Trigon Namibia, an effective 80% interest in the mining assets commonly known as the Kombat mine, whose assets include a 100% interest in five mining licenses and one exclusive prospecting license in northern Namibia. As at September 30, 2021, the Company has expended sufficient capital to ensure the licenses remain in good standing. The mining licenses expired in March 2019. In June 2021, the Company was granted a renewal of licenses for its five land holdings by the Namibian Ministry of Mines and Energy for a 10 year period from June 2, 2021.

##### **Silver Hill Project**

The Company completed its acquisition of 100% equity interest in Technomine, a Moroccan company from Technomine's shareholders on September 24, 2020. The Company is required to meet the terms of transaction outlined in the definitive agreement as consideration of the acquisition. (See note 7)

##### **Gazania EPL 3540**

The Company completed its acquisition of 100% equity interest in Gazania, holder of EPL 3540 mining licence on February 25, 2021. The Company is required to make milestone payments if renewal of the Licence is granted by the Ministry of Mines and Energy in Namibia within three years. (See note 7)

#### **15. SUBSEQUENT EVENTS**

Subsequent to September 30, 2021, 202,500 share purchase warrants of the Company were exercised for gross proceeds of \$50,500.

Subsequent to September 30, 2021, 11,666,666 share purchase warrants of the Company expired unexercised.