

TORR METALS INC.

(formerly Duro Metals Inc.)

Condensed Interim Financial Statements

For the three and six months ended October 31, 2021 and 2020

Expressed in Canadian Dollars

To the shareholders of Torr Metals Inc:

The condensed interim financial statements of Torr Metals Inc. (the "Company") for the three and six months ended October 31, 2021 and 2020 have been compiled by management.

No audit or review of this information has been performed by the Company's auditors.

TORR METALS INC.
Condensed Interim Statements of Financial Position
Expressed in Canadian Dollars

As at	October 31 2021	April 30 2021
ASSETS		
Current		
Cash	\$ 207,092	\$ 256,625
Goods and services tax receivable	8,478	633
	\$ 215,570	\$ 257,258
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 159,610	\$ 14,444
EQUITY		
Share capital (note 3)	394,302	394,302
Option and warrant reserve	70,200	70,200
Deficit	(408,542)	(221,688)
	55,960	242,814
	\$ 215,570	\$ 257,258

Nature of operations and going concern (Note 1)

Approved by the Board of Directors on December 21, 2021

Director (signed by) *"Malcolm Dorsey"*

Director (signed by) *"John Williamson"*

The accompanying notes form an integral part of these condensed interim financial statements

TORR METALS INC.
Condensed Interim Statements of Loss and Comprehensive Loss
Expressed in Canadian Dollars

For the	three months ended October 31		six months ended October 31	
	2021	2020	2021	2020
Expenses				
Office and administration	3,210	3,362	6,845	7,060
Professional fees	12,640	5,610	18,141	6,037
Project evaluation (note 6)	45,303	-	144,140	-
Regulatory and filing fees	16,586	4,377	18,389	15,327
	(77,739)	(13,349)	(187,515)	(28,424)
Other				
Recovery of professional fees	-	20,000	-	20,000
Interest income	311	400	661	1,677
Comprehensive income (loss) for the period	\$ (77,428)	\$ 7,051	\$ (186,854)	\$ (6,747)
Basic and diluted income (loss) per common share				
	\$ (0.03)	\$ 0.00	\$ (0.06)	\$ (0.00)
Basic and diluted weighted average number of common shares outstanding	6,300,000	6,300,000	6,300,000	6,300,000

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TORR METALS INC.

Condensed Interim Statements of Changes in Equity

Expressed in Canadian Dollars

	Number of shares	Share capital	Option and warrant reserve	Deficit	Total equity
Balance at April 30, 2020	6,300,000	\$ 394,302	\$ 70,200	\$ (185,222)	\$ 279,280
Net loss	-	-	-	(6,747)	(6,747)
Balance at October 31, 2020	6,300,000	\$ 394,302	\$ 70,200	\$ (191,969)	\$ 272,533
Net loss	-	-	-	(29,719)	(29,719)
Balance at April 30, 2021	6,300,000	\$ 394,302	\$ 70,200	\$ (221,688)	\$ 242,814
Net loss	-	-	-	(186,854)	(186,854)
Balance at October 31, 2021	6,300,000	\$ 394,302	\$ 70,200	\$ (408,542)	\$ 55,960

The accompanying notes form an integral part of these condensed interim financial statements

TORR METALS INC.
Condensed Interim Statements of Cash Flows
Expressed in Canadian Dollars

For the six months ended	October 31	October 31
	2021	2020
Cash provided by (used in):		
Operating activities		
Net loss for the period	\$ (186,854)	\$ (6,747)
Changes in non-cash working capital:		
Goods and services tax receivable	(490)	526
Accounts receivable and prepayments	(7,355)	-
Accounts payable and accrued liabilities	145,166	(42,785)
Cash used in operating activities	<u>(49,533)</u>	<u>(49,006)</u>
Net decrease in cash	(49,533)	(49,006)
Cash, beginning of period	<u>256,625</u>	<u>332,922</u>
Cash, end of period	<u>\$ 207,092</u>	<u>\$ 283,916</u>

The accompanying notes form an integral part of these condensed interim financial statements

TORR METALS INC.

Notes to the Condensed Interim Financial Statements

For the three and six months ended October 31, 2021 and 2020

Expressed in Canadian Dollars

1. Nature of operations and going concern

Torr Metals Inc. (“Torr” or the “Company”) was incorporated under the Business Corporations Act (Alberta) on July 18, 2018 and continued its corporate existence from Alberta to British Columbia under the British Columbia Business Corporation Act. On November 26, 2021, the Company completed its Qualifying Transaction (“QT”) pursuant to the policies of the TSX Venture Exchange (“TSXV”) to acquire an aggregate 100% interest in the Latham Copper-Gold Project in northern British Columbia. Concurrent with the QT, the Company changed its name from Duro Metals Inc. to Torr Metals Inc. and now trades under the symbol “TMET” on the TSXV.

The Company’s principal business is to explore and develop the Latham Copper-Gold Project in northern British Columbia. The Company’s head office is at 250 Southridge NW, Suite 300, Edmonton, Alberta, T6H 4M9.

While these consolidated condensed interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations for the foreseeable future, there are significant uncertainties related to certain adverse conditions and events that may cast doubt on the validity of this assumption. As at October 31, 2021, the Company had working capital of \$55,960 (April 30, 2021 - \$242,814) and an accumulated deficit of \$408,542 (April 30, 2021 – \$221,688). The Company anticipates that its cash resources will be sufficient to cover its projected funding requirements for the ensuing year

On March 11, 2020, the World Health Organization (“WHO”) declared coronavirus COVID-19 a global pandemic. To combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures will have a significant, negative effect on the economies of all nations for an undeterminable period.

2. Basis of presentation

Statement of compliance with International Financial Reporting Standards

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements were authorized for issue by the Board of Directors of the Company on December 21, 2021.

These financial statements are presented in Canadian Dollars, unless otherwise noted and have been prepared on a historical cost basis. The Canadian dollar is the functional and presentation currency of the Company.

3. Share capital

a) Common shares

The Company’s articles authorize an unlimited number of common shares without par value and an unlimited number of preferred shares.

	<u>Number of shares</u>	<u>Amount</u>
Balance at April 30, 2021 and October 31, 2021	6,300,000	\$ 394,302

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Escrowed Common Shares.

Pursuant to closing of the Company's initial public offering ("IPO"), 3,300,000 of the Company's outstanding common shares are subject to a CPC Escrow Agreement. Under the CPC Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. As of the date of these financial statements, 3,300,000 common shares remained in escrow.

b) Warrants

A summary of the warrants outstanding and exercisable is as follows:

Exercise Price	Number of warrants	October 31, 2021 Remaining contractual life (years)
\$ 0.10	270,000	0.2

c) Stock options

The Company has a stock option plan (the "Plan") for directors, officers, employees, and consultants. The Plan provides for the issuance of incentive options to acquire up to a total of 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the minimum prescribed amount allowed under the TSX. The options can be granted for a maximum term of 5 years with vesting provisions determined by the Company.

A summary of stock options outstanding and exercisable is as follows:

Exercise Price	Number of options	October 31, 2021 Remaining contractual life (years)
\$ 0.125	630,000	3.4

4. Financial instruments and risk management

Fair value of financial instruments

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

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The Company's cash and cash equivalents are classified as Level 1, whereas accounts receivable and prepayments, and accounts payable and accrued liabilities are classified as Level 2. As at October 31, 2021, the Company believes that the carrying values of cash, accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

Financial instruments risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counter party limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is defined as the risk of loss associated with counterparty's inability to fulfill its payment obligations. The maximum exposure to credit risk is the carrying amount of the Company's financial assets.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle its obligations as they come due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds available to meet its short-term business requirements by taking into account the anticipated cash expenditures for its exploration and other operating activities, and its holding of cash and cash equivalents. The Company will pursue further equity or debt financing as required to meet its commitments. There is no assurance that such financing will be available or that it will be available on favourable terms.

As at October 31, 2021, the Company's financial liabilities consist of its accounts payable and accrued liabilities, which are all current obligations.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign exchange risk is minimal.

Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve inventor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements.

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5. Related party transactions

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

For the six months ended	October 31, 2021	October 31, 2020
Professional fees paid to a corporation controlled by key management	\$ 4,000	\$ -
Rent fees paid to a corporation controlled by key management	6,000	-
	<u>\$ 10,000</u>	<u>\$ -</u>

As at October 31, 2021, \$3,150 (2020 – nil) was payable to corporations controlled by key management personnel and is included in accounts payable and accrued liabilities in the financial statements. Such amounts are unsecured, non-interest bearing and will be paid under normal trade terms.

6. Subsequent events

Name change and share consolidation

Subsequent to the period, and immediately prior to the Company's Qualifying Transaction as described below, the Company changed its name from Duro Metals Inc. to Torr Metals Inc., and effected a consolidation of all of its issued and outstanding securities on the basis of 1.4538-to-1.

Overview of Qualifying Transaction

On November 26, 2021, the Company completed its Qualifying Transaction (the "QT") by acquiring the British Columbia mineral claims known as the Gnat claims, and mineral claims known as the Hu Property and Dalvenie Property, by way of an acquisition transaction and three-cornered amalgamation (as defined below) in conjunction with a concurrent financing (the "Concurrent Financing") raising aggregate gross proceeds of \$4,417,790, comprised of \$2,832,060 from a unit financing (as defined below) and \$1,585,730 from a flow-through financing (defined below), which constituted the Company's QT as defined under the policies of the TSXV. Together, the consolidated Gnat Claims, Hu Property and Dalvenie Property are now known as the Latham Copper-Gold Project, a mineral exploration property comprised of 41 mineral claims totaling 49,694 hectares in northern British Columbia.

Unit financing by 1306034 B.C. Ltd.

Prior to closing the QT, 1306034 B.C. Ltd. completed a non-brokered private placement for gross proceeds \$2,832,060 by issuing 9,440,200 units of 1306043 B.C. Ltd. at a price of \$0.30 per unit. Each unit consisted of one common share one-half common share purchase warrant. Each warrant entitles the holder to acquire one common share of any successor parent company at an exercise price of \$0.45 per share for a period of 24 months from date of issuance.

Acquisition and amalgamation of 1306034 B.C. Ltd.

As part of the QT, 1306034 B.C. Ltd. amalgamated with 1334885 B.C. Ltd., and continued as an amalgamated wholly-owned subsidiary of the Company. All existing common shares and warrants of both corporations were exchanged for shares of the Company on a one-to-one basis.

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Flow-through financing

Immediately following the amalgamation, the Company completed a flow-through financing by issuing 4,805,241 post-consolidated flow through shares at a price of \$0.33 per share for gross proceeds \$1,585,730.

Acquisition of Gnat claims

Immediately following the amalgamation, the Company acquired the Gnat claims, by issuing 400,000 common shares of the Company and a \$100,000 cash payment. The vendor retains a 2% net smelter royalty.

Completion of QT

Effective December 7, 2021, as a consequence of completing the QT and all steps detailed above, the Company owns all the mineral properties comprising the Latham Copper-Gold Project, changed its name to Torr Metals Inc., and now trades under the symbol "TMET" on the TSXV.