



Trigon Metals Inc.

Condensed consolidated interim financial statements

For the three and nine months ended December 31, 2022 and 2021

(Expressed in Canadian Dollars)

(UNAUDITED)

**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 Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

Unaudited

As at	Notes	December 31, 2022	March 31, 2022
ASSETS			
Current assets			
Cash		\$ 33,609,709	\$ 399,514
Amounts receivable	4	351,806	2,301,171
Prepaid expenses	5	77,036	528,129
Total current assets		34,038,551	3,228,814
Non-current assets			
Property and equipment	6	25,332,317	19,441,201
Buyback option on streaming arrangement	15	2,609,459	-
Total Assets		\$ 61,980,327	\$ 22,670,015
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7,14	\$ 723,764	\$ 5,707,337
Lease liability	16	85,968	1,053,160
Loan payable	15	-	970,300
Acquisition fees payable	8,11	752,885	677,637
Total current liabilities		1,562,617	8,408,434
Non-current liabilities			
Lease liability	16	197,447	-
Loan payable	15	-	2,085,469
Acquisition fees payable	8,11	1,210,898	1,089,874
Deferred revenue on streaming arrangement	15	53,376,629	-
Total Liabilities		\$ 56,347,591	\$ 11,583,777
EQUITY			
Equity attributable to shareholders of Trigon Metals Inc.:			
Share capital	11	60,561,269	59,637,034
Warrants	12	7,150,933	3,916,756
Contributed surplus	12	1,853,016	1,797,441
Deficit		(62,146,579)	(52,996,476)
Total equity attributable to shareholders of Trigon Metals Inc.		7,418,639	12,354,755
Non-controlling interest		(1,785,903)	(1,268,517)
Total Equity		5,632,736	11,086,238
Total Liabilities and Equity		\$ 61,980,327	\$ 22,670,015

Nature of operation and going concern (note 1)

Commitments and contingencies (notes 14,15)

Subsequent events (note 18)

Approved by the Board of Directors on February 27, 2023.

"Jed Richardson"

 Jed Richardson
 Director

"Larisa Sprott"

 Larisa Sprott
 Director

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

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

	Notes	Three months ended December 31,		Nine months ended December 31,	
		2022	2021	2022	2021
Pre-production revenue		\$ 195,993	\$ -	\$ 1,003,964	\$ -
Cost of sales		197,987	-	1,520,622	-
Gross loss		(1,994)	-	(516,658)	-
Expenses					
Consulting fees	13	\$ 306,009	\$ 699,078	\$ 1,316,993	\$ 1,080,857
Professional fees		80,851	48,881	181,403	81,295
Travel and related costs		32,875	111,313	114,108	154,499
Investors relations and filing fees		162,091	91,045	323,949	105,799
General and administrative costs		49,387	139,067	102,145	201,438
Exploration and evaluation expenditures	8	393,957	125,458	1,422,652	438,947
Depreciation	6	140,964	22,876	396,247	38,454
Share-based compensation		-	-	118,516	-
Foreign exchange loss		(235,202)	222,225	(272,633)	232,145
Total expenses before the undernoted		\$ 930,932	\$ 1,459,943	\$ 3,703,380	\$ 2,333,434
Other income (expense)					
Interest income		6,418	1,432	8,648	3,072
Interest expense	15,17	(757,682)	-	(1,095,976)	-
Other income		14,443	15,895	38,135	21,597
Change in fair value of convertible security	17	(450,015)	-	(6,054)	-
Finance charges	15	(218,300)	-	(4,236,505)	-
Impairment of receivables		(333)	(2,603)	(2,223)	(601)
Loss on asset disposal	6	-	-	(20,145)	-
Accretion expenses		(67,976)	63,609	(196,272)	4,977
Net loss and comprehensive loss		\$ (2,406,371)	\$ (1,381,610)	\$ (9,730,430)	\$ (2,304,389)
Net loss and comprehensive loss attributable to:					
Shareholders of Trigon Metals Inc.		\$ (2,258,922)	(1,248,401)	\$ (9,213,044)	\$ (2,101,086)
Non-controlling interest		(147,449)	(133,209)	(517,386)	(203,303)
		\$ (2,406,371)	\$ (1,381,610)	\$ (9,730,430)	\$ (2,304,389)
Loss per share					
Basic and diluted		(0.01)	(0.01)	(0.06)	(0.02)
Weighted average number of common shares outstanding					
Basic and diluted		173,762,080	136,103,247	171,029,805	126,930,019

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

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

(Expressed in Canadian dollars)

Unaudited

	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			
Balance as at March 31, 2021		116,067,023	\$ 45,636,145	\$ 745,037	\$ 2,490,361	\$ (46,741,166)	\$ 2,130,377	\$ (618,032)	\$ 1,512,345	
Net loss for the period		-	-	-	-	(2,101,086)	(2,101,086)	(203,303)	(2,304,389)	
Private placement	11	17,165,000	6,866,000	-	-	-	6,866,000	-	6,866,000	
Warrants issued	11,12	-	(1,395,814)	-	1,395,814	-	-	-	-	
Brokers warrants issued	11,12	-	(148,735)	-	148,735	-	-	-	-	
Share and warrants 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	11,12	-	-	-	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	11,12	-	-	(61,500)	-	61,500	-	-	-	
Balance as at December 31, 2021		157,029,895	\$ 56,114,481	\$ 676,237	\$ 3,090,723	\$ (48,784,534)	\$ 11,096,907	\$ (821,335)	\$ 10,275,572	
Balance as at March 31, 2022		169,656,202	\$ 59,637,034	\$ 1,797,441	\$ 3,916,756	\$ (52,996,476)	\$ 12,354,755	\$ (1,268,517)	\$ 11,086,238	
Net loss for the period		-	-	-	-	(9,213,044)	(9,213,044)	(517,386)	(9,730,430)	
Warrants issued	11,12	-	-	-	2,990,020	-	2,990,020	-	2,990,020	
Warrants modification	11,12	-	-	-	252,622	-	252,622	-	252,622	
Stock options granted	11,12	-	-	118,516	-	-	118,516	-	118,516	
Options expired unexercised	11,12	-	-	(62,941)	-	62,941	-	-	-	
Share and warrant issue costs	11,12	-	(15,571)	-	(8,465)	-	(24,036)	-	(24,036)	
Convertible security issuance	17	-	939,806	-	-	-	939,806	-	939,806	
Balance as at December 31, 2022		169,656,202	\$ 60,561,269	\$ 1,853,016	\$ 7,150,933	\$ (62,146,579)	\$ 7,418,639	\$ (1,785,903)	\$ 5,632,736	

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

Trigon Metals Inc.
Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

Unaudited

		Nine months ended December 31,	
	Notes	2022	2021
Cash provided by (used in):			
Operating activities			
Net loss for the period		\$ (9,730,430)	\$ (2,304,389)
Adjustments for items not affecting cash:			
Depreciation	6	396,247	38,454
Accretion expense		196,272	(4,977)
Change in fair value of convertible security	17	6,054	-
Write off receivables		-	601
Non-cash finance fees		3,432,642	-
Share-based compensation	11	118,516	-
Loss on asset disposal	6	20,145	-
Financial asset	15	-	-
Net cash from operating activities before changes in working capital		(5,560,554)	(2,270,311)
Net changes in non-cash working capital			
Change in amounts receivable		1,949,365	(481,632)
Change in prepaid expenses		1,582,680	(56,786)
Change in accounts payable and accrued liabilities		(4,983,573)	410,856
Net cash flows used in operating activities		(7,012,082)	(2,397,873)
Investing activities			
Deposits on long term assets		-	(5,661,608)
Purchase of property and equipment	6	(5,866,604)	(2,112,223)
Net cash flows used in investing activities		(5,866,604)	(7,773,831)
Financing activities			
Proceeds from private placement	11	-	6,856,000
Shares issued from warrants exercised	11,12	-	4,596,931
Shares issued from options exercised	11,12	-	9,000
Share and warrant issuance costs	11	(24,036)	(404,315)
Proceeds from loan received	15	3,221,500	-
Repayment of loan	15	(6,277,269)	-
Proceeds from convertible security received	17	5,310,000	-
Repayment of convertible security	17	(5,500,000)	-
Proceeds from streaming agreement received	15	50,767,170	-
Payment of principal portion of lease liability	16	(1,218,484)	-
Financing fees	17	(190,000)	-
Net cash flows provided by financing activities		46,088,881	11,057,616
Increase in cash during the period		33,210,195	885,912
Cash - beginning of period		399,514	3,332,334
Cash - end of period		\$ 33,609,709	\$ 4,218,246
Supplemental information			
Brokers warrants issued		\$ -	\$ 148,735
Right of use asset acquisition	6	440,904	-

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

Trigon Metals Inc.

Notes to the condensed consolidated interim financial statements

For the three and nine months ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

Unaudited

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 consolidated interim financial statements were reviewed, approved and authorized for issue by the Board of Directors on February 27, 2023.

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 consolidated interim 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 December 31, 2022, the Company had working capital of \$32,475,934 compared with a negative working capital of \$5,179,620 as at March 31, 2022. During the three and nine months ended December 31, 2022, the Company had net losses of \$2,406,371 and \$9,730,430, respectively (three and nine months ended December 31, 2021: losses of \$1,381,610 and \$2,304,389, respectively). The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration and development 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, and potential proceeds from the exercise of warrants/stock options. During fiscal 2022 and 2021, the Company was able to raise funds through financings and its streaming agreement. However, there is no assurance that additional financing will be available on terms acceptable to the Company, or at all. These matters represent uncertainties that cast doubt on the Company's ability to continue as a going concern. These condensed consolidated interim 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 could 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 nine months ended December 31, 2022 and 2021.

Trigon Metals Inc.

Notes to the condensed consolidated interim financial statements

For the three and nine months ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

Unaudited

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, 2022 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 the annual financial statements have been condensed or omitted. Accordingly, these unaudited condensed consolidated interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements as at March 31, 2022.

Basis of preparation

These condensed consolidated interim 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 consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

Consolidation

These condensed consolidated interim financial statements incorporate the accounts of Trigon Metals Inc. and its subsidiaries, PNT Financeco Corp. (Barbados) 100% (2022 – 100%), Kombat Holdings Namibia (Pty) Ltd. (Namibia) 100% (2022 - 100%), Trigon Mining (Namibia) (Pty) Ltd. ("Trigon Namibia") (Namibia) 80% (2022 – 80%), Trigon (Morocco) Holding Corp. (Canada) 100% (2022 – 0%), Technomine Africa Sarl ("Technomine") (Morocco) 100% (2022 – 100%) and Gazania Investments Nine (Pty) Ltd. ("Gazania") (Namibia) 90% (2022 – 90%). All intercompany transactions, balances, income and expenses are eliminated on consolidation. The 20% of Trigon Namibia not owned by the Company is owned by the Namibia State Mining Company and a local Namibian partner. The 10% of Gazania is owned by 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. These condensed consolidated interim 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.

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

Trigon Metals Inc.

Notes to the condensed consolidated interim financial statements

For the three and nine months ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

Unaudited

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Significant accounting policies

The unaudited condensed consolidated interim financial statements were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended March 31, 2022 with the exception of the adoption of amended standards and new policies outlined below.

Amended accounting standards

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. Effective April 1, 2022, the Company adopted this standard and as a result, pre-production revenues are no longer charged against the carrying value of the property. Rather these pre-production revenues, along with associated costs, are presented in the consolidated statement of loss.

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. Effective April 1, 2022, the Company adopted this standard. There was no significant impact to the Company's consolidated financial statements as a result of this adoption.

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. Effective April 1, 2022, the Company adopted this standard. There was no significant impact to the Company's consolidated financial statements as a result of this adoption.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible securities that are converted to share capital at the option of the holder.

The fair value of the liability component of the compound financial instrument is valued using a discounted cash flow approach, considering repayment requirements, or using a Geometric Brownian motion model. The equity component is recognized as the difference between the fair value of the compound instrument as a whole and the fair value of the liability component and is included in the shareholders' equity section on the consolidated statement of financial position.

Subsequent to initial recognition, the liability component is revalued at each period end with changes in fair value included in income or loss for the period. The equity component is not remeasured.

Trigon Metals Inc.

Notes to the condensed consolidated interim financial statements

For the three and nine months ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

Unaudited

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (continued)

Revenue recognition

The Company derives revenues and pre-production revenues from the sale of copper and silver concentrate.

The Company recognizes revenue when there is evidence a sales arrangement exists, specific performance obligations have been satisfied, the sales price is fixed and determinable, and collectability is reasonably assured. Revenue is recognized upon delivery of the copper concentrate to the customer and acceptance of the copper concentrate by the buyer.

Streaming arrangements

The Company has entered into arrangements with customers pursuant to which, the Company receives consideration in advance of the delivery of metals.

Under streaming arrangements, the Company receives advanced consideration against the delivery of a portion of future metal production referenced to the mine of the Company specified in the contract. In addition to the advanced consideration, the Company may also receive a cash payment as metals are delivered to the customer.

The Company recognizes the advanced consideration as deferred revenue and recognizes the amounts in revenue as it satisfies its performance obligations to deliver metal to the customer over the life of the contract.

Deferred revenue is amortized as metal is delivered to the customer until the full value of the deferred revenue has been recognized.

Where consideration is received in advance of the Company's performance of its obligation, there is an inherent financing component in the transaction. When the period between receipt of consideration and revenue recognition is greater than one year, the Company determines whether the financing component is significant to the contract.

Where a contract is determined to have a significant financing component, the transaction price is adjusted to reflect the financing. The discount rates used in adjusting the promised amount for consideration is the rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. The rate is not subsequently adjusted for any changes over the contract term.

The accretion of the interest expense is recognized in the finance expense line in the consolidated statement of loss, unless capitalized to assets under construction in accordance with the Company's policy on capitalized borrowing costs.

The Company estimates the current portion of the deferred revenue based on quantities expected to be delivered over the next 12 months.

Borrowing costs

Borrowing costs, including interest, associated with projects that are actively being prepared for production are capitalized to Assets Under Construction. These costs are elements of the historical cost of acquiring an asset when a period of time is required to bring it to the condition and location necessary for its intended use. Capitalized borrowing costs are amortized on the same basis as the related qualifying asset.

Trigon Metals Inc.

Notes to the condensed consolidated interim financial statements

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(Expressed in Canadian dollars)

Unaudited

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023, 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 non-current 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 or after January 1, 2023.

IAS 1 – In February 2021, the IASB issued ‘Disclosure of Accounting Policies’ with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 8 – In February 2021, the IASB issued ‘Definition of Accounting Estimates’ to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 12 – In May 2021, the IASB issued ‘Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction’ that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for year ends beginning on or after January 1, 2023.

3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

The preparation of the condensed consolidated interim 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 judgment and estimation uncertainty considered by management in preparing the condensed consolidated interim 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.

Trigon Metals Inc.

Notes to the condensed consolidated interim financial statements

For the three and nine months ended December 31, 2022 and 2021

(Expressed in Canadian dollars)

Unaudited

3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (continued)

- 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 commences recognizing depreciation and depletion in the consolidated statement of loss. In making this determination, management considers 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 have been completed; (b) a reasonable period of commissioning has 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 has been completed. As at December 31, 2022, management and the Board has not declared commercial production.

- 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.

- 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.

- 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 is inherently subjective and requires judgment. 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 consolidated statement of financial position.

- Expected credit losses

Determining allowance for expected credit losses (“ECLs”) requires management to make assumptions about historical patterns for probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management’s judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what historical patterns suggest.

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Unaudited

3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (continued)

Critical judgment in applying accounting policies (Continued):

- Revenue recognition

The process of revenue recognition involves significant management judgment. The Company performed focused procedures to test the valuation of revenue recorded in consideration of non-barter contracts.

In its determination of the amount and timing of revenue to be recognized, management relies on assumptions and estimates supporting its revenue recognition policy.

Key sources of estimation uncertainty:

- Depreciation rates

All property 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.

The Company's ROU asset is depreciated on a straight-line basis over 10 years, which represents the life of the lease associated with the ROU asset. The Company believes this approach represents the best approximation of the asset utility to the Company.

- 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 including the future expectation of underground mine development to extend life of mine. 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.

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3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (continued)

Key sources of estimation uncertainty (continued):

- Streaming arrangements

Management has determined that based on the agreements, the counterparty assumes significant business risk and rewards associated with the timing and amount of metals being delivered. Management's intention is to settle the obligations under this arrangement through the delivery of non-financial items (i.e., silver and copper), rather than cash or financial assets. As such, the deposits received from the counterparty have been recorded as deferred revenue in the consolidated statement of financial position.

- 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.

- 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.

Trigon Metals Inc.

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4. AMOUNTS RECEIVABLE

	December 31, 2022		March 31, 2022	
Sales taxes receivable	\$	69,953	\$	64,169
VAT receivable		256,686		2,183,431
Trade and other receivable		25,167		53,571
	\$	351,806	\$	2,301,171

5. PREPAID EXPENSES

	December 31, 2022		March 31, 2022	
Insurance	\$	3,558	\$	39,142
Prepaid legal and finance charges		5,377		328,704
Other		68,101		160,283
	\$	77,036	\$	528,129

6. PROPERTY AND EQUIPMENT

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

Cost	Office furniture, equipment and software	Vehicles	Buildings	Land	Machinery and equipment	Right of use assets	Mine development and plant under construction	Total
Balance, March 31, 2021	\$ 11,958	\$ 126,764	\$ 60,920	\$ 182,508	\$ 127,571	\$ -	\$ -	\$ 509,721
Additions (Disposals)	399,430	186,945	-	-	370,465	2,028,806	16,313,187	19,298,833
Balance, March 31, 2022	\$ 411,388	\$ 313,709	\$ 60,920	\$ 182,508	\$ 498,036	\$ 2,028,806	\$ 16,313,187	\$ 19,808,554
Additions	111,317	57,623	-	-	-	440,904	5,697,664	6,307,508
Disposals	(8,825)	(56,753)	-	-	-	-	-	(65,578)
Balance, December 31, 2022	\$ 513,880	\$ 314,579	\$ 60,920	\$ 182,508	\$ 498,036	\$ 2,469,710	\$ 22,010,851	\$ 26,050,484
Accumulated depreciation, depletion and impairment								
Balance, March 31, 2021	\$ (7,438)	\$ (24,348)	\$ (10,659)	\$ -	\$ (78,904)	\$ -	\$ -	\$ (121,349)
Changes for the year	(77,996)	(57,282)	-	-	(40,159)	(70,567)	-	(246,004)
Balance, March 31, 2022	\$ (85,434)	\$ (81,630)	\$ (10,659)	\$ -	\$ (119,063)	\$ (70,567)	\$ -	\$ (367,353)
Depreciation for the period	(100,435)	(41,873)	-	-	(65,769)	(188,170)	-	(396,247)
Disposals	2,942	42,491	-	-	-	-	-	45,433
Balance, December 31, 2022	\$ (182,927)	\$ (81,012)	\$ (10,659)	\$ -	\$ (184,832)	\$ (258,737)	\$ -	\$ (718,167)
Net book value								
As at March 31, 2022	\$ 325,954	\$ 232,079	\$ 50,261	\$ 182,508	\$ 378,973	\$ 1,958,239	\$ 16,313,187	\$ 19,441,201
As at December 31, 2022	\$ 330,953	\$ 233,567	\$ 50,261	\$ 182,508	\$ 313,204	\$ 2,210,973	\$ 22,010,851	\$ 25,332,317

Trigon Metals Inc.**Notes to the condensed consolidated interim financial statements**

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Unaudited

6. PROPERTY AND EQUIPMENT (continued)

Reconciliation of the carrying amounts as at December 31, 2022 and March 31, 2022 are as follows:

	December 31, 2022			March 31, 2022		
	Accumulated			Accumulated		
	Cost	Depreciation	Net book value	Cost	Depreciation	Net book value
Office furnitures, equipment and software	\$ 513,880	\$ 182,927	\$ 330,953	\$ 411,388	\$ 85,434	\$ 325,954
Vehicles	314,579	81,012	233,567	313,709	81,630	232,079
Buildings	60,920	10,659	50,261	60,920	10,659	50,261
Land	182,508	-	182,508	182,508	-	182,508
Machinery and equipment	498,036	184,832	313,204	498,036	119,063	378,973
Right of use assets	2,469,710	258,737	2,210,973	2,028,806	70,567	1,958,239
Assets under construction	22,010,851	-	22,010,851	16,313,187	-	16,313,187
	\$ 26,050,484	\$ 718,167	\$ 25,332,317	\$ 19,808,554	\$ 367,353	\$ 19,441,201

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2022	March 31, 2022
Trade payables	\$ 666,658	\$ 5,388,384
Accruals	57,106	318,953
	\$ 723,764	\$ 5,707,337

Trigon Metals Inc.

Notes to the condensed consolidated interim financial statements

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Unaudited

8. EXPLORATION AND EVALUATION EXPENDITURES

	Three months ended December 31,		Nine months ended December 31,	
	2022	2021	2022	2021
Trigon Namibia				
Drilling and assay	\$ 757	\$ 3,778	\$ 10,946	\$ 166,519
Field office and support	112,242	-	306,299	-
Consulting and labour	148,393	8,701	697,758	17,402
Licence and permit	-	3,448	10,038	3,448
Environmental assessment	-	(8,701)	-	-
Travel	14,306	-	71,737	-
	\$ 275,698	\$ 7,226	\$ 1,096,778	\$ 187,369
Technomine, Morocco				
Assay and survey	\$ -	\$ -	\$ 555	\$ -
Drilling	-	-	-	10,276
Field office and support	19,516	23,384	47,829	40,772
Consulting and labour	94,099	84,850	262,114	169,760
Travel	2,030	7,527	4,971	15,768
	\$ 115,645	\$ 115,761	\$ 315,469	\$ 236,576
Gazania Namibia				
Environmental assessment	\$ -	\$ 65	\$ -	\$ 65
Licence and permit	2,437	-	10,008	709
Field office and support	177	2,406	397	14,228
	\$ 2,614	\$ 2,471	\$ 10,405	\$ 15,002
Total exploration and evaluation expenditures	\$ 393,957	\$ 125,458	\$ 1,422,652	\$ 438,947

The Company holds an effective 80% interest in its five mining licenses in Northern Namibia through its subsidiary, Trigon Namibia. The mining licenses were renewed by the Namibian Ministry of Mines and Energy in June 2021 for a 10-year period from June 2, 2021.

On February 20, 2020, Trigon Namibia was awarded a new Exclusive Prospecting Licence 7525 ("EPL 7525") by the Ministry of Mines and Energy in Namibia for a three-year period, commencing on January 17, 2020. 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. The renewal of this EPL which expired on January 17, 2023 is in progress.

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8. EXPLORATION AND EVALUATION EXPENDITURES (continued)

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

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 valued at \$750,000 based on their trading price subsequent to the signing of the share purchase 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 Silver Hill 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 \$45,000 cash and issued 300,000 common shares to Majilias Inc. for its role as an arm's length finder. The common shares were valued at \$37,500 based on their trading price subsequent to the signing of the share purchase agreement. The finder shall also be entitled to share consideration comprising the Second Payment, when paid by Trigon.

The Second Payment was delayed until August 1, 2023 to allow the Company to preserve its working capital. The delay is not expected to have an impact on the Company.

Trigon Metals Inc.

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9. 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, amounts receivable, buyback option on the streaming agreement, accounts payable and accrued liabilities, lease liabilities, loan payable, and acquisition fees payable. The fair value of the Company's cash, amounts receivable, accounts payable and accrued liabilities, lease liabilities, loan payable and acquisition fees payable all approximate their carrying values due to the short-term nature of these instruments. The non-current portion of the acquisition fees payable is recorded at a 15% discount rate. The liability component of the convertible security is recorded at fair value.

Financial assets and financial liabilities as at December 31, 2022 and March 31, 2022 were as follows:

	Assets & liabilities at amortized cost	Assets & liabilities at fair value through profit & loss	TOTAL
<u>At December 31, 2022</u>			
Financial assets:			
Cash	\$ 33,609,709	\$ -	\$ 33,609,709
Trade receivables	25,167	-	25,167
Buyback option on streaming arrangement	-	2,609,459	2,609,459
Financial liabilities:			
Accounts payable and accrued liabilities	(723,764)	-	(723,764)
Lease liability	(283,415)	-	(283,415)
Acquisition fees payable	(1,963,783)	-	(1,963,783)
<u>At March 31, 2022</u>			
Financial assets:			
Cash	\$ 399,514	\$ -	\$ 399,514
Trade receivables	53,571	-	53,571
Financial liabilities:			
Accounts payable and accrued liabilities	(5,707,337)	-	(5,707,337)
Lease liability	(1,053,160)	-	(1,053,160)
Acquisition fees payable	(1,767,511)	-	(1,767,511)
Loan payable	(3,055,769)	-	(3,055,769)

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10. FINANCIAL INSTRUMENTS

Level 3 hierarchy

The buyback option on the streaming arrangement is classified as a Level 3 financial instrument within the hierarchy of the Company's financial instruments, measured at FVPL in the consolidated statements of financial position as at December 31, 2022.

Within Level 3, the Company includes an asset for which observable inputs are not available for use in the fair valuation of this asset. The key assumptions used in the valuation of these instruments included (but were not limited to): the exercise date of the option, the buyback percentage, the date at which the percentage of copper sold under the streaming arrangement would be reduced, the monthly production of copper and silver concentrate, and future pricing and volatility of copper and silver during the option period.

Valuations of assets for which market quotations are not readily available, are inherently uncertain, may fluctuate within short periods of time and are based on estimates, and determination of fair value may differ materially from the values that would have resulted if a ready market existed for the investments. Given the size of this asset, such changes may have a significant impact on the Company's financial condition or operating results.

A 25% change in the fair value of this Level 3 asset as at December 31, 2022 will result in a corresponding increase or decrease of approximately \$652,000 (March 31, 2022 - \$nil). The sensitivity analysis is intended to reflect the significant uncertainty inherent in the valuation of private investments under current market conditions, and that results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the estimated fair value of these investments. The analysis does not indicate a probability of changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate inherent risks are not reflected in this analysis.

11. 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 and development stages, 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 nine months ended December 31, 2022. 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 December 31, 2022, the Company believes it is compliant with the policies of the TSXV.

Financial risks

The Company's financial instruments comprise cash, amounts receivable, buyback option on the stream agreement, accounts payable and accrued liabilities, lease liability, loan payable, unearned revenue on the streaming agreement, and acquisition fees payable. 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.

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 nine months ended December 31, 2022, using the amounts of other financial assets and liabilities held as at the consolidated statement of financial position date.

Trigon Metals Inc.

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10. CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS (Continued)

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 contractual liabilities and obligations are as follows:

	< 1 year	1 to 3 years	4 to 5 years	>5 years	Total
Accounts payable and accrued liabilities	\$ 723,764	\$ -	\$ -	\$ -	\$ 723,764
Lease liabilities	107,619	268,113	-	-	375,732
Acquisition fees payable	650,000	1,250,000	-	-	1,900,000
Balance December 31, 2022	\$ 1,481,383	\$ 1,518,113	\$ -	\$ -	\$ 2,999,496
Accounts payable and accrued liabilities	\$ 5,707,337	\$ -	\$ -	\$ -	\$ 5,707,337
Lease liabilities	1,053,160	-	-	-	1,053,160
Loan payable	970,300	2,466,100	-	-	3,436,400
Acquisition fees payable	650,000	1,250,000	-	-	1,900,000
Balance March 31, 2022	\$ 8,380,797	\$ 3,716,100	\$ -	\$ -	\$ 12,096,897

The Company's approach to managing liquidity risk is to endeavour to have sufficient liquidity to meet liabilities when due. As at December 31, 2022, the Company had a cash balance of \$33,609,709 (March 31, 2022: \$399,514). As at December 31, 2022, the Company's financial liabilities consisted of accounts payable and accrued liabilities of \$723,764 (March 31, 2022: \$5,707,337) all due in less than one year, other current liabilities of \$838,853 (March 31, 2022 - \$1,730,797), plus long term liabilities of \$1,408,345 (March 31, 2022: \$3,175,343).

During the year ended March 31, 2022, Trigon raised \$11,317,457 through private placement financing, received \$4,727,431 through warrants exercised, \$9,000 through options exercised, and received \$3,055,769 of net proceeds from loans payable. The loan payable was fully repaid in October 2022.

During the nine months ended December 31, 2022, Trigon raised \$5,310,000 through a convertible security (Note 17) and \$50,767,170 (US\$37,500,000) through a streaming agreement (Note 15). The convertible security was fully repaid in October 2022.

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10. CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS (Continued)

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.

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 and South African Rand 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 Moroccan Dirham as needed.

Sensitivity analysis

The carrying amount of cash, amounts receivable, and 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 consolidated statement of loss would have been lower (higher) by approximately \$3,293,000 (nine months ended December 31, 2021: \$104,000).

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 nine months ended December 31, 2022 and year ended March 31, 2022 were as follows. All issued shares are fully paid.

	Number of shares	Issued capital
Balance, March 31, 2021	116,067,023	\$ 45,636,145
Shares issued pursuant to private placements	29,188,807	11,317,457
Warrants issued	-	(2,256,157)
Broker warrants issued	-	-226,720
Cost of issue	-	(469,807)
Warrants exercised	24,350,372	4,727,431
Value of warrants exercised	-	892,385
Options exercised	50,000.00	9,000
Value of options exercised	-	7,300
Balance, March 31, 2022	169,656,202	\$ 59,637,034
Debenture conversion	5,271,605	939,806
Cost of issue		(15,571)
Balance, December 31, 2022	174,927,807	\$ 60,561,269

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11. SHARE CAPITAL (Continued)

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 thereof, 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 thereof.

On September 20, 2021, the Company closed a non-brokered second tranche of private placement of units. The Company issued 7,562,500 units pursuant to the second tranche at a price of \$0.40 per unit for 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 thereof, 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 \$163,800 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 thereof.

On February 7, 2022, the Company closed the first tranche of a non-brokered private placement financing, consisting of 3,312,642 units at a price of \$0.35 per unit for gross proceeds of \$1,159,425. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Company at a price of \$0.50 for a period of 24 months. The Company paid finder's fees of \$52,846 related to the private placement and issued 149,560 finder's warrants. Each finder warrant will entitle the holder to acquire one common share of the Company at a price of \$0.50 for a period of 24 months.

On February 16, 2022, the Company closed its final tranche of the non-brokered private placement financing, consisting of 3,848,665 units at a price of \$0.35 per unit for aggregate proceeds of \$1,347,032. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Company at a price of \$0.50 for a period of 24 months. The Company paid cash finder's fees of \$32,165 and issued 56,700 finder's warrants. Each finder warrant will entitle the holder to acquire one common share of the Company at a price of \$0.50 for a period of 24 months.

On March 14, 2022, the Company closed a non-brokered private placement financing, consisting of 4,862,500 units at a price of \$0.40 per unit for aggregate gross proceeds of \$1,945,000. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Company at a price of \$0.50 for a period of 24 months. The Company paid cash finder's fees of \$56,000 and issued 140,000 finder's warrants. Each finder warrant will entitle the holder to acquire one common share of the Company at a price of \$0.40 for a period of 24 months. The Company paid \$89,901 in filing and professional fees in relation to this private placement.

Trigon Metals Inc.

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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
March 31, 2021	4,085,000	\$0.22	\$ 745,037	45,226,598	\$0.24	\$ 2,490,361	\$ 2,666,167
Granted	4,610,000	\$0.35	1,270,400	15,779,089	\$0.49	2,482,877	1,271,539
Exercised	(50,000)	\$0.18	(7,300)	(24,350,372)	\$0.19	(892,385)	(168,194)
Expired	(685,000)	\$0.31	(210,696)	(1,166,666)	\$0.25	(47,882)	(412,242)
Warrant issue costs (net)	-	-	-	-	-	(116,215)	(121,872)
March 31, 2022	7,960,000	\$0.23	\$ 1,797,441	35,488,649	\$0.37	\$ 3,916,756	3,235,398
Granted	1,350,000	\$0.15	118,516	18,425,373	\$0.34	3,324,642	3,443,158
Expired	(200,000)	\$0.39	(62,941)	-	-	-	(62,941)
Warrant issue costs (net)	-	-	-	-	-	(8,465)	(8,465)
December 31, 2022	9,110,000	\$0.20	\$ 1,853,016	53,914,022	\$0.35	\$ 7,232,933	\$ 6,607,150

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 and 1,350,000 options granted during the three and nine months ended December 31, 2022 (200,000 options granted during the three and nine months ended December 31, 2021). The weighted average life of total outstanding options is 2.6 years at December 31, 2022 (March 31, 2022 – 3.75 years).

As at December 31, 2022, 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 (%)
6-Jun-18	6-Jun-23	300,000	300,000	\$0.20	48,000	0	112	5	2.16
21-Oct-19	21-Oct-24	2,850,000	2,850,000	\$0.18	416,100	0	115	5	1.57
1-Dec-21	1-Dec-24	200,000	200,000	\$0.46	67,200	0	126	3	1.03
21-Feb-22	21-Feb-27	4,410,000	4,410,000	\$0.34	1,203,200	0	117	5	1.74
26-Aug-22	26-Aug-24	750,000	750,000	\$0.15	102,300	0	115	5	3.25
26-Aug-22	26-Aug-27	600,000	-	\$0.15	52,800	0	94	2	3.54
		9,110,000	8,510,000		\$ 1,889,600				

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12. EQUITY RESERVES (Continued)

Warrants

As at December 31, 2022, 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	8-Jan-20	8-Jan-24	11,649,996	\$0.20	502,297	0	97	3	1.65
Broker warrants	8-Jan-20	8-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	695,999	\$0.45	109,680	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	7-Sep-21	7-Sep-23	4,801,250	\$0.50	780,691	0	119	2	0.40
Broker warrants	7-Sep-21	7-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
Warrants on units	7-Feb-22	7-Feb-24	1,656,321	\$0.35	222,197	0	116	2	1.34
Broker warrants	7-Feb-22	7-Feb-24	149,560	\$0.50	29,331	0	116	2	1.34
Warrants on units	14-Feb-22	16-Feb-24	1,924,333	\$0.35	257,258	0	116	2	1.53
Broker warrants	14-Feb-22	16-Feb-24	56,700	\$0.50	11,538	0	116	2	1.53
Warrants on units	14-Mar-22	14-Mar-24	2,431,250	\$0.40	380,888	0	113	2	1.77
Broker warrants	14-Mar-22	14-Mar-24	140,000	\$0.50	37,116	0	113	2	1.77
Warrants on convertible debenture	27-Apr-22	27-Apr-24	15,925,373	\$0.35	2,900,641	0	107	2	2.62
Warrants on stream agreement	24-Oct-22	24-Oct-25	2,500,000	\$0.19	342,000	0	133	3	4.11
Warrant issue costs					(273,447)				
			53,914,022		\$ 7,232,933				

The weighted average life of total outstanding warrants is 0.89 years as at December 31, 2022 (March 31, 2022 – 1.32 years).

In connection with the Sprott Loan, the Company issued 2,500,000 common share purchase warrants, each exercisable for one common share of the Company at a price of \$0.47 per common shares for a period of one year from the date of their issuance. On October 24, 2022, when the Company, Sprott Streaming and Sprott Mining entered an agreement for a stream of silver deliveries, these common share purchase warrants were cancelled and reissued with a strike price of \$0.23 with a term of three years. As a result of this modification, an additional \$252,622 was included in the warrant reserve with a corresponding charge to the statement of loss.

On November 29, 2022 the Company announced the extension of 11,649,996 common share purchase warrants, all of which are exercisable at \$0.20 per common share, by 12 months to January 8, 2024. All other terms and conditions of these warrants remain unchanged. A total of 6,666,666 warrants that were extended are held by a party that is considered to be a related party and as such, the transaction constitutes a related party transaction. As a result of this modification, an additional \$82,000 was included in the warrant reserve with a corresponding charge to the statement of loss.

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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		Nine months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Consulting fees	\$ 120,000	\$ 213,333	\$ 360,000	\$ 423,333

See also Notes 11 and 12.

There were no amounts included in accounts payable and accrued liabilities as at December 31, 2022 for consulting fees and expenses charged by current and former officers and directors of the Company (March 31, 2022: \$39,550). Such amounts are unsecured, non-interest bearing and with no fixed terms of payment.

One of the Company's directors subscribed to 42,900 shares as part of the February 16, 2022 private placement.

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 \$1,788,000 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 consolidated interim financial statements. Additional minimum management contractual commitments remaining under the agreements are approximately \$659,000, 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.

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.

Sprott Resource Streaming and Royalty (B) Corporation ("Sprott Streaming") Streaming Agreement

If production does not meet certain conditions by October 31, 2025, the Company will return the portion of the \$51,401,250 (US\$37,500,000) stream advance not yet repaid through delivery of product to Sprott Streaming by way of promissory note with a 12% interest rate, repayable in one year.

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15. PROJECT FINANCE FACILITY AND OFFTAKE

Financing Facility

On October 27, 2021, the Company entered into a credit agreement with IXM SA ("IXM") for a \$6,248,000 (US\$5 million) project finance facility (the "Facility") to finance capital and operating expenditures for the restart of the Kombat Mine.

The Facility was structured in two tranches of \$3,124,000 (US\$2.5 million) each. The first \$3,124,000 (US\$2.5 million) tranche was drawn down in November 2021 and a further \$312,400 (US\$250,000) was drawn in January 2022. The remaining \$2,811,600 (US\$2.25 million) tranche was available for draw down after confirmation of further funding support. The Facility was repayable over 36 months, commencing six months after the initial drawdown. The Company could prepay in whole or in part without notice, bonus or penalty, any portion of the Facility at any time with a minimum increment of \$250,000.

The Company paid IXM a commitment fee of 3.2% of the Facility amount and an arrangement fee of 1.0% of the Facility amount, each fee payable pro rata based on the amount of each tranche.

The Company provided an unsecured guarantee of the obligations under the Facility, pledged its shares of its Namibian subsidiary and provided a general notarial bond over assets located in Namibia.

The IXM financing facility was repaid in full in May 2022 and the security over the Namibian shares and assets was released.

Copper Concentrate Offtake

On November 16, 2021, IXM and the Company entered into an exclusive offtake agreement whereby IXM will acquire 100% of the production from the Kombat open pit mine. The "Initial Term" shall commence from the date of commercial production and shall continue for a minimum period of six full calendar (6) years. The Company shall deliver a minimum quantity of 80,000 dry metric tonnes ("DMT") of material during the Initial Term ("Minimum Quantity"). In the event the Minimum Quantity is not delivered during the Initial Term then, at the sole option of IXM, the Initial Term may be extended until the Minimum Quantity has been delivered by the Company to IXM.

Sprott Mining Inc. ("Sprott") Credit Agreement

In May 2022, the Company entered into a credit agreement with Sprott Mining (the "Sprott Loan") and the Company's Moroccan subsidiary, Trigon (Morocco) Holding Corp. ("Trigon Morocco") pursuant to which Sprott Mining lent the Company \$3,124,000 (US\$2,500,000). The Sprott Loan had a term of 180 days and accrued interest at the rate of 12.0% per annum, payable in arrears. The Sprott Loan was secured by a security interest over all present and acquired property of the Company and Trigon Morocco, with a first ranking charge against Trigon Morocco's assets, including a guarantee from Trigon Morocco and a share pledge of its Trigon Morocco shares.

In connection with the Sprott Loan, the Company issued 2,500,000 common share purchase warrants, each exercisable for one common share of the Company at a price of \$0.47 per common shares for a period of one year from the date of their issuance. On October 24, 2022, when the Company, Sprott Mining and Sprott Streaming entered an agreement for a stream of silver deliveries, these common share purchase warrants were cancelled and reissued with a strike price of \$0.23 with a term of three years.

Sprott Mining is a related party of the Company, as it owns approximately 18% of the Company's outstanding shares and holds a seat on the Company's Board of Directors.

This loan was repaid in full in October 2022 as part of the Sprott streaming closing.

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15. PROJECT FINANCE FACILITY AND OFFTAKE (continued)

Sprott Streaming Agreement

On October 24, 2022, the Company entered into a streaming agreement with Sprott Streaming and Sprott Mining (together "Sprott") for a silver and copper stream transaction. Under the terms of this agreement, the Company will sell 100% of its silver concentrate and 6.5% of its copper concentrate from its underground operations to Sprott. Once the Company hits the production target of 2,250 tonnes per day mined, the percentage of copper concentrate sold to Sprott will be reduced to 1.625%.

Pursuant to this agreement, the Company received advanced consideration of \$50,767,170 (US\$37,500,000) from Sprott Streaming and Sprott Mining against future deliveries of copper and silver production from the Company's Kombat mine. The advanced consideration is accounted for as deferred revenue, with revenue recognized when the metals are delivered to the counterparty. The deferred revenue was recorded at its present value using a discount rate of 17.5%.

As the Company delivers concentrate to Sprott, 90% of the sale value will be applied to reduce the advanced consideration outstanding and 10% will be payable in cash, until the entire advanced consideration has been repaid. No deliveries have been made in relation to the streaming agreement to date.

In the event that the Company does not hit a 30-day consecutive average of 900 tonnes per day by October 31, 2025, any remaining balance from the advanced consideration converts to a one year promissory note from Sprott to the Company, bearing interest at 12% per annum (Note 14).

The Company has the option to reduce the payable copper and silver by up to 50% by making a single cash payment to Sprott equivalent to 1.5 times the remaining advanced consideration outstanding. The payment must be made prior to June 27, 2027, after which the buyback option expires. The Company determined that the buyback option constituted a separate financial asset to the Company. The buyback option was recorded at a fair value of \$2,643,753 (US\$1,926,653) on the statement of financial position.

16. LEASE LIABILITIES

In December 2021, the Company entered into a lease agreement with a local Namibian company, Kombat Village Properties (Pty) Ltd ("KVP") for the lease of land in and around the Kombat Mine area, allowing the Company to continue development of its open pit mining operations, including the establishment of the mine's tailings facility.

The total to be paid by the Company was \$1,961,606, payable in three cash tranches as follows:

- \$250,000 paid on commencement of the lease;
- \$830,803 payable on January 17, 2022 (\$608,446 paid during the year ended March 31, 2022, \$222,357 paid in October 2022); and
- \$830,803 payable on July 18, 2022 (paid October 2022).

The lease period is for the duration of the mining licences held by the Company and will continue as long as the mining licenses of the Company are active, including all future renewals of the mining licenses.

The Company issued 200,000 stock options at an exercise price of \$0.46 in relation to the KVP lease. The options vested immediately and are exercisable for a period of three years. See Note 12.

In January 2022, the Company transferred a 10% equity interest in the Company's wholly owned subsidiary, Gazania, valued at \$50,000, based on 10% of the acquisition cost of Gazania, to Texel Mining and Exploration (Proprietary) Limited as part of the lease agreement.

The KVP lease liability was paid in full in October 2022.

In October 2022, the Company entered into various equipment leases which have been included in the lease liability. The leases commenced in October 2022 with lease terms of 60 months. The Company used a discount rate of 10.75% in determining the present value of the lease payments.

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16. LEASE LIABILITIES (continued)

Lease liability as at March 31, 2021	\$	-
Additions		2,028,806
Lease payments		(975,646)
Lease liability as at March 31, 2022	\$	1,053,160
Additions		440,904
Interest expense		7,835
Lease payments		(1,218,484)
Lease liability as at December 31, 2022	\$	283,415

	December 31, 2022		March 31, 2022	
Current lease liability	\$	85,968	\$	1,053,160
Non-current lease liability		197,447		-
	\$	283,415	\$	1,053,160

Future undiscounted minimum lease payments for this lease agreement are as follows:

	December 31, 2022		March 31, 2022	
Within one year	\$	107,619	\$	1,053,160
After one year but not more than five years		268,113		-
More than five years		-		-
	\$	375,732	\$	1,053,160

17. CONVERTIBLE SECURITY

On April 27, 2022, the Company executed a convertible security funding agreement ("Convertible Security") for a principal amount of \$5,500,000. The convertible security was due two years from the date of issuance.

Pursuant to the agreement, the Company issued to Lind Global Fund II, LP ("Lind") (i) a convertible security with a face value of \$6,600,000, representing a principal amount of \$5,500,000 and a prepaid interest amount of \$1,100,000.

The Convertible Security ranked senior and was secured by all of the Company's assets, except shares in the Company's Moroccan subsidiary.

The Convertible Security would have matured on April 27, 2024. The Convertible Security included covenants typical and customary for secured convertible securities of this nature. The Company had to comply with the covenants on a regular basis.

The Company valued the Convertible Security at the date of issuance and bifurcated the Convertible Security between an equity component and a liability component. The liability component of the Convertible Security included the host contract and embedded derivative and was recorded at fair value through profit and loss. The liability component of the Convertible Security was recorded at Level 3 in the fair value hierarchy.

The Company issued to Lind 15,925,373 common share purchase warrants exercisable for a term of 24 months at an exercise price of \$0.35 per common share.

Commencing four months after closing, the Company was to begin repaying the Convertible Security in monthly installments of \$275,000. Lind had the right to convert any portion of the principal amount at a price per share of \$0.335. Lind had the option to convert accrued prepaid interest into common shares at a price equal to 90% of the market closing price of the common shares on the day immediately prior to conversion.

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17. CONVERTIBLE SECURITY (continued)

The Company had the option to buy back the remaining outstanding Convertible Security in cash at any time with no penalty, subject to mutual consent of Lind. If Trigon exercised the buy back option, Lind had the option to convert up to 33.3% of the outstanding principal amount into common shares and up to 100% of the prepaid interest into common shares.

On the issuance date, the fair value of the liability component of the Convertible Security was estimated using a Geometric Brownian motion model using the following assumptions: expected dividend yield of 0%, expected volatility of 106.6% based on historical volatility of the Company's common shares, risk-free rate of 2.47%, share price on issuance date of \$0.335 and expected life of two years.

In October 2022, Lind exercised its right to convert \$270,000 of accrued interest into 2,000,000 common shares of the Company at a conversion price of \$0.135 per share.

The Company repaid Lind \$5,500,000 of principal under the convertible security funding agreement and agreed to repay the remaining prepaid interest obligation of \$530,000 (\$800,000 total, less a \$300,000 reduction granted by Lind for early payment) by the issuance of 3,271,605 common shares of the Company at a deemed price of \$0.162 per share. Upon the issuance of the shares to settle the prepaid interest, the Company has satisfied all obligations relating to the convertible security funding agreement.

Fair value of convertible security as at March 31, 2022	\$	-
Principal amount		6,600,000
Equity component		(781,161)
Fair value adjustment		6,054
Conversion		(324,893)
Repayment		(5,500,000)
Fair value of convertible security as at December 31, 2022	\$	-

18. SUBSEQUENT EVENT

Acquisition of Copper King Extension of Kombat

On January 30, 2023, the Company announced that it had entered into a definitive agreement to expand its land holding in Namibia, through the acquisition of exclusive prospecting licence 8529 ("EPL 8529"). EPL 8529 surrounds the Company's Kombat and Gross Otavi projects in Otavi mountain land.

EPL 8529 is currently held by Namibian company, Otjiwa Mining and Prospecting CC ("Otjiwa") and is valid for a period of three years from November 9, 2022 to November 8, 2025.

The purchase consideration for the licence comprises a cash price of N\$1,750,000 (C\$139,650) and N\$250,000 (C\$19,950) to be settled by the issuance of 84,129 shares of the Company. The Agreement is still subject to customary closing conditions, including approval from the Minister of Mines and Energy in Namibia for the transfer of the Licence from Otjiwa to Trigon Mining.