



Trigon Metals Inc.

Consolidated financial statements

For the years ended March 31, 2023 and 2022

(Expressed in U.S. Dollars)

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Trigon Metals Inc.

Opinion

We have audited the consolidated financial statements of Trigon Metals Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2023 and 2022, and April 1, 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years ended March 31 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2023 and 2022 and April 1, 2021, and its consolidated financial performance and its consolidated cash flows for the years ended March 31, 2023 and 2022 in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="313 443 852 537"><i>Accounting and measurement of the upfront payment and buyback option in the streaming agreement</i></p> <p data-bbox="313 558 906 1087">On October 24, 2022, the Company entered into a streaming agreement with Sprott Private Resource Streaming and Royalty (B) Corp. and Sprott Mining Inc. (together “Sprott”) for a silver and copper stream transaction. Under the terms of the 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 target of 2,250 tonnes per day mined, the percentage of copper concentrate saleable to Sprott will be reduced to 1.625%. Pursuant to this agreement, the Company received advanced consideration of \$37,500,000 from Sprott against future deliveries of copper and silver production from the Company’s Kombat Mine.</p> <p data-bbox="313 1108 906 1339">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 (“buyback option”). The payment must be made prior to June 27, 2027, after which the buyback option expires.</p> <p data-bbox="313 1360 906 1887">In assessing the accounting for the streaming arrangement, management concluded that the upfront payment would be accounted for as deferred revenue as the agreement would be satisfied through the delivery of non-financial items produced by the Company. There is a significant financing component associated with the streaming agreement as funds were received in advance of the delivery of copper and silver. Management also concluded that the buyback option was an embedded derivative in this agreement. Management has valued the buyback option using a modified Geometric Brownian motion model and accounted for the derivative asset as a financial asset instrument measured at fair value through profit or loss.</p>	<p data-bbox="938 558 1409 621">Our audit procedures included, but were not limited to:</p> <ul data-bbox="987 663 1435 1692" style="list-style-type: none"> - Review of the underlying agreement and assessment of management’s accounting analysis associated with the upfront payment and buyback option. - Assessment of the reasonableness of the fair values of the buyback option and implicit rates calculated by a professional with specialized skill and knowledge in the field of valuation as at each measurement date by developing independent point estimates and by comparing these independent point estimates to management’s estimates. - Challenge the consistency of management’s assumptions and forward-looking information included in the mine plan. - Performance of a sensitivity analysis on key assumptions used by management in their assessment of the buyback option valuation as at the year-end date. - Testing of the disclosures in the consolidated financial statements with regards to the upfront payment and buyback option.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="313 453 669 485"><i>Change in functional currency</i></p> <p data-bbox="313 506 899 701">On October 24, 2022, the Company and its subsidiaries changed its functional currency from Canadian dollars to US dollars. This change was made as it was determined that the US dollar was now the predominant currency used to fund the development of the Company's Kombat mine.</p> <p data-bbox="313 722 837 785">This change was applied to the consolidated financial statements prospectively.</p> <p data-bbox="313 806 894 1236">As a result of the change to the functional currency of the Company, the treatment of the Company's warrants has changed. Prior to the change in the Company's functional currency, certain warrants issued by the Company qualified for classification as equity, as the exercise price was denominated in the entity's functional currency. With the change in functional currency for the Company, the exercise price of these warrants is no longer denominated in the Company's functional currency and as such, these warrants would no longer qualify for classification as equity.</p> <p data-bbox="313 1257 829 1386">Existing warrants recorded in equity prior to October 24, 2022, the date of change in the functional currency, were not reclassified as derivative liabilities.</p>	<p data-bbox="932 506 1406 569">Our audit procedures included, but were not limited to:</p> <ul data-bbox="980 621 1422 1152" style="list-style-type: none"> - Challenging the reasonableness of the key assumptions used by management in assessing functional currency; - Obtaining the working papers prepared by management to reflect the change in functional currency and assessing whether the change was properly applied; - Considering the impact of the change in functional currency on the treatment of the Company's warrants; and - Assessing the adequacy and completeness of the relevant financial statement disclosures.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
July 27, 2023

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

As at	Notes	March 31, 2023	March 31, 2022 (Note 4)	April 1, 2021 (Note 4)
ASSETS				
Current assets				
Cash		\$ 20,732,663	\$ 319,867	\$ 2,649,967
Amounts receivable	5	434,235	1,842,411	44,976
Prepaid expenses	6	61,602	422,838	20,711
Total current assets		21,228,500	2,585,116	2,715,654
Non-current assets				
Property and equipment	7	13,209,752	15,565,414	308,845
Buyback option on streaming arrangement	16	1,233,797	-	-
Total Assets		\$ 35,672,049	\$ 18,150,530	\$ 3,024,499
LIABILITIES				
Current				
Accounts payable and accrued liabilities	8,14	\$ 235,087	\$ 4,569,525	\$ 347,878
Lease liability	17	63,525	843,203	-
Loan payable	16	-	776,861	-
Acquisition fees payable	9	575,839	542,544	666,223
Warrant liability	13	252,716	-	-
Deferred revenue on streaming arrangement	16	644,570	-	-
Total current liabilities		1,771,737	6,732,133	1,014,101
Non-current liabilities				
Lease liability	17	130,658	-	-
Loan payable	16	-	1,669,711	-
Acquisition fees payable	9	698,159	872,597	807,737
Deferred revenue on streaming arrangement	16	39,978,229	-	-
Total Liabilities		\$ 42,578,783	\$ 9,274,441	\$ 1,821,838
EQUITY (DEFICIENCY)				
Equity (deficiency) attributable to shareholders of Trigon Metals Inc.:				
Share capital	12	44,550,809	47,747,825	36,291,169
Warrants	13	5,020,340	3,135,914	1,980,406
Contributed surplus	13	1,369,258	1,439,104	592,475
Currency translation reserve		10,543,512	6,974,897	7,309,121
Deficit		(65,741,722)	(49,520,197)	(44,582,786)
Total equity (deficiency) attributable to shareholders of Trigon Metals Inc.		(4,257,803)	9,777,543	1,590,385
Non-controlling interest		(2,648,931)	(901,454)	(387,724)
Total Equity (Deficiency)		(6,906,734)	8,876,089	1,202,661
Total Liabilities and Equity		\$ 35,672,049	\$ 18,150,530	\$ 3,024,499

Nature of operation and going concern (note 1)

Commitments and contingencies (notes 15,16)

Subsequent events (note 20)

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

"Jed Richardson"

Jed Richardson
Director

"Larisa Sprott"

Larisa Sprott
Director

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

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

	Notes	Year ended March 31, 2023	2022 (Note 4)
Pre-production revenue		\$ 949,194	\$ -
Cost of sales		1,403,385	-
Gross loss		\$ (454,191)	\$ -
Expenses			
Consulting fees	14	\$ 1,347,197	\$ 2,462,951
Professional fees		204,278	127,760
Travel and related costs		121,024	262,576
Investors relations and filing fees		363,610	319,006
General and administrative costs		113,368	420,381
Exploration and evaluation expenditures	9	2,631,434	711,860
Depreciation	7	550,293	194,285
Share-based compensation	12,14	87,576	950,245
Foreign exchange loss		474,362	(62,731)
Total expenses before the undernoted		\$ 5,893,142	\$ 5,386,333
Other income (expense)			
Interest income		249,649	4,946
Interest expense	16,18	(122,623)	-
Other income		37,918	31,004
Change in fair value of convertible security	18	(79,043)	-
Change in fair value of buyback option	16	1,262,081	-
Finance charges	16	(4,158,461)	(251,849)
Central pit deferred cost impairment	7	(6,024,810)	-
Impairment of receivables		68,293	(11,891)
Loss on asset disposal	7	(9,900)	6,505
Accretion expenses	9,16	(3,090,055)	(90,038)
Net loss		\$ (18,214,284)	\$ (5,697,656)
Other comprehensive loss			
Items that may be subsequently reclassified to net loss:			
Cumulative exchange translation adjustments		(505,259)	151,793
Other comprehensive loss		\$ (505,259)	\$ 151,793
Comprehensive loss		\$ (18,719,543)	\$ (5,545,863)
Net loss attributable to:			
Shareholders of Trigon Metals Inc.		\$ (16,466,807)	\$ (5,183,926)
Non-controlling interest		(1,747,477)	(513,730)
		\$ (18,214,284)	\$ (5,697,656)
Comprehensive loss attributable to:			
Shareholders of Trigon Metals Inc.		\$ (16,972,066)	\$ (5,032,133)
Non-controlling interest		(1,747,477)	(513,730)
		\$ (18,719,543)	\$ (5,545,863)
Loss per share			
Basic and diluted		(0.11)	(0.04)
Weighted average number of common shares outstanding			
Basic and diluted		171,990,956	126,930,019

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

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

(Expressed in US dollars)

Attributable to equity owners of Trigon Metals Inc.										
	Notes	Number of common shares	Share Capital	Contributed surplus	Warrants	Deficit	Cumulative translation reserve	Total shareholders' equity (deficiency)	Non- controlling interest	Total equity
Balance as at March 31, 2021		116,067,023	\$ 36,291,169	\$ 592,475	\$ 1,980,406	\$ (44,582,786)	\$ 7,309,121	\$ 1,590,385	\$ (387,724)	\$ 1,202,661
Net loss for the year		-	-	-	-	(5,183,926)	151,793	(5,032,133)	(513,730)	(5,545,863)
Private placement	12	29,188,807	8,938,127	-	-	-	-	8,938,127	-	8,938,127
Warrants issued	12,13	-	(1,781,833)	-	1,781,833	-	-	-	-	-
Brokers warrants issued	12,13	-	(179,055)	-	179,055	-	-	-	-	-
Share and warrants issue costs	12,13	-	(371,037)	-	(91,782)	-	-	(462,819)	-	(462,819)
Warrants exercised	12,13	24,350,372	3,733,558	-	-	-	-	3,733,558	-	3,733,558
Value of warrants exercised	12,13	-	704,774	-	(704,774)	-	-	-	-	-
Warrant issue cost expired	12,13	-	-	-	(37,816)	37,816	-	-	-	-
Options granted	12,13	-	-	1,003,317	-	-	-	1,003,317	-	1,003,317
Options exercised	12,13	50,000	7,108	-	-	-	-	7,108	-	7,108
Value of options exercised	12,13	-	5,765	(5,765)	-	-	-	-	-	-
Options expired unexercised	12,13	-	-	(166,400)	-	166,400	-	-	-	-
Change in presentation currency	4	-	399,249	15,477	28,992	42,299	(486,017)	-	-	-
Balance as at March 31, 2022		169,656,202	\$ 47,747,825	\$ 1,439,104	\$ 3,135,914	\$ (49,520,197)	\$ 6,974,897	\$ 9,777,543	\$ (901,454)	\$ 8,876,089
Change in presentation currency	4	-	(3,720,295)	(114,041)	(422,914)	183,376	4,073,874	-	-	-
Net loss for the year		-	-	-	-	(16,466,807)	(505,259)	(16,972,066)	(1,747,477)	(18,719,543)
Warrants issued	12,13	-	-	-	2,325,926	-	-	2,325,926	-	2,325,926
Warrants expired	12,13	-	-	-	(11,854)	11,854	-	-	-	-
Stock options granted	12,13	-	-	94,247	-	-	-	94,247	-	94,247
Options expired unexercised	12,13	-	-	(50,052)	-	50,052	-	-	-	-
Share and warrant issue costs	12,13	-	(12,467)	-	(6,732)	-	-	(19,199)	-	(19,199)
Conversion of convertible security	18	5,271,605	535,746	-	-	-	-	535,746	-	535,746
Balance as at March 31, 2023		174,927,807	\$ 44,550,809	\$ 1,369,258	\$ 5,020,340	\$ (65,741,722)	\$ 10,543,512	\$ (4,257,803)	\$ (2,648,931)	\$ (6,906,734)

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

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

		Year ended March 31,	
	Notes	2023	2022
(Note 4)			
Cash provided by (used in):			
Operating activities			
Net loss for the year		\$ (18,214,284)	\$ (5,697,656)
Adjustments for items not affecting cash:			
Depreciation	7	550,293	194,285
Accretion expense	16	3,090,055	90,038
Change in fair value of convertible security	18	79,043	-
Change in fair value of buyback option	16	(1,262,081)	-
Write off receivables		-	11,891
Impairment	7	6,024,810	(6,505)
Non-cash finance fees	16	2,578,642	-
Share-based compensation	13	87,576	950,245
Loss on asset disposal	7	9,900	(6,505)
Unrealized foreign exchange loss		454,573	-
Net cash from operating activities before changes in working capital		(6,601,473)	(4,464,207)
Net changes in non-cash working capital			
Change in amounts receivable		1,408,176	(1,797,610)
Change in prepaid expenses		1,104,127	(401,990)
Change in accounts payable and accrued liabilities		(4,359,221)	4,059,151
Net cash flows used in operating activities		(8,448,391)	(2,604,656)
Investing activities			
Proceeds on disposal of property and equipment		-	6,505
Purchase of property and equipment	7	(5,144,725)	(13,827,083)
Net cash flows used in investing activities		(5,144,725)	(13,820,578)
Financing activities			
Proceeds from private placement	12	-	8,938,127
Shares issued from warrants exercised	12,13	-	3,733,558
Shares issued from options exercised	12,13	-	7,108
Share and warrant issuance costs	12	(19,199)	(371,037)
Proceeds from loan received	16	2,380,477	2,751,321
Repayment of loan	16	(4,827,049)	-
Proceeds from convertible security received	18	4,064,140	-
Repayment of convertible security	18	(4,064,140)	-
Convertible security issuance fees	18	(140,398)	(304,749)
Proceeds from streaming agreement received	16	37,500,000	-
Payment of principal portion of lease liability	17	(894,590)	(687,307)
Net cash flows provided by financing activities		33,999,241	14,067,021
Increase in cash during the year		20,406,125	(2,358,213)
Effect of exchange rate on cash held		6,671	28,113
Cash - beginning of year		319,867	2,649,967
Cash - end of year		\$ 20,732,663	\$ 319,867
Supplemental information			
Brokers warrants issued		\$ -	\$ 181,521
Stock options granted in relation to lease liability		-	50,000
Gazania share issued in relation to lease liability		-	40,032
Right of use asset acquisition	7	333,268	1,624,344
Shares issued on conversion of convertible security	16	535,746	-
Warrants issued in relation to streaming arrangement	16	2,578,642	-

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

Trigon Metals Inc.

Notes to the consolidated financial statements

For the years ended March 31, 2023 and 2022

(Expressed in US dollars)

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 consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on July 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 consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. A different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31, 2023, the Company had working capital of \$19,456,763 compared with a negative working capital of \$4,147,017 as at March 31, 2022. During the year ended March 31, 2023, the Company had net losses of \$18,214,284 (year ended March 31, 2022: losses of \$5,697,656). 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 2023 and 2022, the Company was able to raise funds through financings and its streaming agreement (see Note 20). 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 consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities that would be necessary should the Company be unable to continue operations. Such adjustments could be material.

Trigon Metals Inc.

Notes to the consolidated financial statements

For the years ended March 31, 2023 and 2022

(Expressed in US dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

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

Consolidation

These consolidated 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. Trigon (Morocco) Holding Corp. was incorporated in the year ending March 31, 2023.

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 consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

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

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.

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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.

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 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 year. The equity component is not remeasured.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

The Company derives revenues and pre-production revenues from the sale of copper and silver concentrate. Revenue from the sale of goods to customers is measured at the fair value of the consideration received or receivable.

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. The Company will determine the amortization of deferred revenue to the consolidated statement of loss on a per unit basis using the estimated total quantity of metal expected to be delivered over the term of the mine life of the Company's potential future production.

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 rate 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 accretion 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mine development assets

Mine development assets are accumulated separately for each area of interest in which economically recoverable reserves have been identified. These assets are comprised of expenditures directly attributable to the construction of a mine and the related infrastructure.

General and administration costs are allocated to a development asset only to the extent that those costs can be related directly to development activities in the relevant areas of interest.

No amortization is recognized in respect of development properties until they are at the end of the commissioning phase, when the mine is capable of operating in the manner intended by management.

Production stage

A mine that is under construction is determined to enter the production stage when the project is in the location and condition necessary for it to be capable of operating in the manner intended by management.

When a mine development asset moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either capitalized to inventory or expensed, except for capitalizable costs related to property, plant and equipment additions or improvements, open pit stripping activities that provide a future benefit or expenditures that meet the criteria for capitalization in accordance with International Accounting Standard 16 ("IAS") 16 Property, Plant and Equipment.

Pre-production stripping costs are capitalized until an "other than de minimis" level of mineral is extracted, after which time such costs are either expensed, capitalized to inventory or, if it qualifies as an open pit stripping activity that provides a future benefit, capitalized to property, plant and equipment. Various relevant criteria are considered to assess when an "other than de minimis" level of mineral is produced. Some of the criteria considered would include, but not be limited to, the following:

- The amount of minerals mined versus total tons in the life of mine;
- The amount of ore tons mined versus total life of mine expected ore tons;
- The current stripping ratio versus the life of mine ratio; and
- The ore grade versus the life of mine grade.

Stripping costs incurred during the production stage of a pit are accounted for as costs of inventory produced during the period that the stripping costs are incurred, unless these costs are expected to provide future economic benefit to the identifiable component of the ore body. Components of the ore body are based on the distinct development phases identified by the mine planning engineers when determining the optimal development plan for the open pit. Production phase stripping costs generate a future economic benefit when the related stripping activity:

- Improves access to a component of the ore body to be mined in the future;
- Increases the fair value of the mine (or pit) as access to future mineral reserves becomes less costly; and
- Increases the production capacity or extends stripping.

Costs that are expected to generate a future economic benefit are capitalized as open pit mine development costs.

Mine development costs are depreciated on ore tonnes mined basis whereby the denominator is the estimated tons of copper in proven and probable reserves and the portion of resources considered probable of economic extraction based on the current life of mine plan in the current component of the ore body that has been made more accessible through the strip activity and all future components in the current plan that benefit from the particular stripping activity. Mine development assets are depreciated once the operation has entered production and the future economic benefit is being derived.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the assets to a working condition for their intended use, the initial estimate of the rehabilitation provisions, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Costs associated with the commissioning of new assets, in the period before they are operating in the way intended by management, are capitalized, net of any pre-production revenues. All property and equipment, with the exception of land and buildings, are depreciated on a straight-line basis over three to five years. Land is not depreciated and buildings are depreciated over 40 years.

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

Impairment of non-financial assets

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

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

Exploration and evaluation expenditures

Exploration and evaluation expenditures comprise costs of the initial search for mineral deposits and performing a detailed assessment of deposits that have been identified as having economic potential. Exploration and evaluation costs are expensed as incurred and included in the consolidated statement of loss and until technical feasibility and commercial viability of extraction of reserves are demonstrable. Once a mine development decision has been made by the Company, subsequent expenditures incurred to develop the mine are capitalized to mine development assets. Exploration and evaluation costs include an allocation of administration and salary costs as determined by management.

Financial instruments

Financial assets

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The Company’s cash and amounts receivable are recorded at amortized cost.

Subsequent measurement – financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of loss. The Company measures its buyback option on streaming arrangement at FVPL.

Subsequent measurement – financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive loss. When the investment is sold, the cumulative gain or loss is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the consolidated statements of loss when the right to receive payments is established.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company’s only financial assets subject to impairment are amounts receivable, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company’s financial liabilities include accounts payable and accrued liabilities, loan payable, and acquisition fees payable, which are each measured at amortized cost and its warrant liability and liability component of the convertible security is measured at FVPL. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the consolidated statement of loss.

Subsequent measurement – financial liabilities at FVPL

Financial liabilities measured at FVPL include financial liabilities management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial liabilities measured at FVPL are carried at fair value in the consolidated statement of financial position with changes in fair value recognized in other income (expense) in the consolidated statement of loss.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the consolidated statements of loss.

Lease liabilities and right-of-use assets

At inception of the contract, the Company assesses whether a contract is, or contains, a lease by evaluating if the contract conveys the right to control the use of an identified asset. For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any initial direct costs, and costs to dismantle and remove the underlying asset less any lease incentives. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets.

The lease liability is initially measured at the present value of lease payments to be paid subsequent to the commencement date of the lease, discounted either at the interest rate implicit in the lease or the Company's incremental borrowing rate. The lease payments measured in the initial lease liability include payments for an optional renewal period, if any, if the Company is reasonably certain that it will exercise a renewal extension option. The liability is measured at amortized cost using the effective interest method and will be remeasured when there is a change in either the future lease payments or assessment of whether an extension or other option will be exercised. The lease liability is subsequently adjusted for lease payments and interest on the obligation. Interest expense on the lease obligation is included in the consolidated statement of loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases with a lease term of less than 12 months and low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term, as permitted by IFRS 16.

The Company reports its right-of-use asset as part of property, plant and equipment on the consolidated statement of financial position. See Note 7 for continuity schedule of the right-of-use asset and Note 17 for lease liability.

Provisions

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

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company had no material provisions as at March 31, 2023 and 2022.

Cash

Cash is comprised of cash on hand and deposits that generally mature within 90 days from the date of acquisition.

Prepaid expenses

Prepaid expenses represent payments made or obligations incurred in advance of the receipt of goods or rendering of services.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of loss.

The Company had no material decommissioning obligations as at March 31, 2023 and 2022.

Income taxes

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

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

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

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

Loss per share

Basic loss per share is calculated by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding for the year. In the event of the Company reporting net profit, the diluted profit per share will be similar to basic loss per share, except that the denominator will be increased to include the number of additional shares that would have been outstanding if the dilutive potential common shares in connection with the issued share options and warrants had been issued using the treasury stock method. The Company's options and warrants were anti-dilutive for the years ended March 31, 2023 and 2022.

Share-based payments

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

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

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Warrants and warrant liability

Warrants are recognized at fair value on the date of grant and are measured using the Black-Scholes option pricing model. Warrants issued prior to the functional currency change date of October 24, 2022 were recognized as a component of equity. Upon exercise of warrants, consideration paid by the warrant holder together with the amount previously recognized in warrants is recorded as an increase to share capital. Unexercised expired warrants are transferred to accumulated deficit.

Subsequent to the functional currency change on October 24, 2022, certain warrants were issued outside the scope of IFRS 2 with an exercise price denominated in Canadian dollars ("CAD \$"), and therefore, did not qualify for classification as equity since their exercise price was not in the Company's functional currency of the US dollar. These warrants are recorded as warrant liability and are recorded at their estimated fair value at each reporting date, computed using the Black-Scholes valuation method. Changes in fair value of each period are included in income or loss for the period.

Contingencies

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

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

Operating segments

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

Foreign currency transactions

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

On October 24, 2022, the functional currency of the Company and its subsidiaries changed prospectively to the U.S. dollar from the Canadian dollar. The Company reconsiders the functional currency of its operations if there is a change in events and conditions which determine the primary economic environment. In October 2022, the Company entered into a streaming arrangement and received an \$37,500,000 upfront payment in connection with the agreement. The Company's future revenues and costs will be largely denominated in the US dollar. This change was applied to the consolidated financial statements prospectively. This is a significant judgment considering the significance of the revenues and costs to the Company's activities, and the primary economic environments in which the Company and its subsidiaries operate. The Company also changed its presentation currency to the US dollar and this change has been applied retrospectively. See note 4.

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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.

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3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

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

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

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

Critical judgment in applying accounting policies:

- Assets' carrying values and impairment charges

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

- Commercial production

The determination of when the mine is in a condition necessary for it to be capable of operating in the manner intended by management (referred to as "commercial production") is a matter of judgment that will impact when the Company recognizes revenue and operating costs in the consolidated statement of loss and depreciation and depletion commence. 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 March 31, 2023, 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 US dollar has been determined as the presentation currency of the Company, with the US dollar as the functional currency for all subsidiaries, as the US 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 ("N\$"), 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. The Company's presentation and functional currency for the Company and all subsidiaries were both the Canadian dollar until October 24, 2022.

- 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.

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3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (continued)

Critical judgment in applying accounting policies (continued):

- 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.

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 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 and warrant liability

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.

- Streaming arrangements and deferred revenue

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. There is also judgement involved in determining the implied financing cost associated with the streaming arrangement. 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.

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3. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (continued)

- 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 15.

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4. CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCY

Functional currency

With the execution of the Sprott streaming arrangement, management has determined that the US dollar is the predominant currency used to fund the development of the Company's Kombat Mine. As such, management has concluded that the most appropriate functional currency of the parent Company and all subsidiaries, is the US dollar. Previously, the functional currency of the parent Company and all subsidiaries was the Canadian dollar. This change has been accounted for prospectively from October 24, 2022. All assets, liabilities, and equities were translated to US dollars at the exchange rate on October 24, 2022. As a result, the cumulative translation differences which had arisen up to the date of change of functional currency were reallocated to other components within equity.

Presentation currency

Subsequent to the execution of the Sprott streaming agreement, the majority of the Company's transactions are conducted in US dollars and quarterly reporting to management and the Board of Directors is reflected in US dollars. Effective October 24, 2022, the presentation currency of the Company was changed from Canadian dollars to US dollars. The change in presentation currency represents a voluntary change in accounting policy, which has been applied retrospectively. Information for fiscal year ending March 31, 2023 and comparative year ending March 31, 2022 were translated from Canadian dollars to US dollars using the procedures outlined below:

- Assets and liabilities were translated into US dollars at each period-end closing rate of exchange;
- Income and expenses were translated into US dollars at average rates of exchange for each period as the average rate was considered a reasonable proxy for the prevailing rates at the dates of the transactions;
- Differences resulting from the retranslation of opening net asset and the results for each period have been taken to OCI;
- Share capital and other reserves were translated at the closing rate of exchange prevailing at each period end closing rate; and
- Accumulated retained losses and non-controlling interest were translated at the average rates of exchange for each period.

The exchange rates used were:

	Year ended March 31, 2023	Year ended March 31, 2022
	CAD:USD	CAD:USD
Average rate	1.3130	1.2662
Closing rate	1.3544	1.2490

5. AMOUNTS RECEIVABLE

	March 31, 2023	March 31, 2022
Sales taxes receivable	\$ 33,554	\$ 51,376
VAT receivable	375,142	1,748,143
Trade and other receivable	25,539	42,892
	\$ 434,235	\$ 1,842,411

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6. PREPAID EXPENSES

	March 31, 2023		March 31, 2022	
Insurance	\$	-	\$	31,339
Prepaid legal and finance charges			-	263,174
Other		61,602		128,325
	\$	61,602	\$	422,838

7. 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	\$	9,509	\$ 100,806	\$ 48,445	\$ 145,136	\$ 101,448	\$ -	\$ -	\$ -	\$ 405,344
Additions (Disposals)		315,456	147,643	-	-	292,581	1,602,283	12,883,611	-	15,241,574
Effect of foreign exchange difference		4,409	2,719	330	987	4,719	22,061	177,389	-	212,614
Balance, March 31, 2022	\$	329,374	\$ 251,168	\$ 48,775	\$ 146,123	\$ 398,748	\$ 1,624,344	\$ 13,061,000	\$ -	\$ 15,859,532
Additions		209,096	105,886	-	-	1,669,537	333,268	3,160,206	-	5,477,993
Impairment		-	-	-	-	-	-	(6,024,810)	-	(6,024,810)
Disposals		(6,671)	(121,187)	-	-	-	-	-	-	(127,858)
Effect of foreign exchange difference		(29,921)	(19,015)	(3,759)	(11,262)	(68,148)	(132,658)	(942,426)	-	(1,207,189)
Balance, March 31, 2023	\$	501,878	\$ 216,852	\$ 45,016	\$ 134,861	\$ 2,000,137	\$ 1,824,954	\$ 9,253,970	\$ -	\$ 13,977,668
Accumulated depreciation, depletion and impairment										
Balance, March 31, 2021	\$	(5,915)	\$ (19,362)	\$ (8,476)	\$ -	\$ (62,747)	\$ -	\$ -	\$ -	\$ (96,500)
Changes for the year		(61,599)	(45,239)	-	-	(31,716)	(55,731)	-	-	(194,285)
Effect of foreign exchange difference		(888)	(755)	(58)	-	(864)	(768)	-	-	(3,333)
Balance, March 31, 2022	\$	(68,402)	\$ (65,356)	\$ (8,534)	\$ -	\$ (95,327)	\$ (56,499)	\$ -	\$ -	\$ (294,118)
Depreciation for the year		(244,483)	(43,158)	-	-	(63,751)	(198,901)	-	-	(550,293)
Disposals		2,224	32,118	-	-	-	-	-	-	34,342
Effect of foreign exchange difference		15,842	8,065	658	-	8,776	8,812	-	-	42,153
Balance, March 31, 2023	\$	(294,819)	\$ (68,331)	\$ (7,876)	\$ -	\$ (150,302)	\$ (246,588)	\$ -	\$ -	\$ (767,916)
Net book value										
As at March 31, 2022	\$	260,972	\$ 185,812	\$ 40,241	\$ 146,123	\$ 303,421	\$ 1,567,845	\$ 13,061,000	\$ -	\$ 15,565,414
As at March 31, 2023	\$	207,059	\$ 148,521	\$ 37,140	\$ 134,861	\$ 1,849,835	\$ 1,578,366	\$ 9,253,970	\$ -	\$ 13,209,752

The Company determined that it will no longer pursue additional development at the Central Pit at its Kombat Mine and as a result, impaired \$6,024,810 in mine development costs related to this area during the year ended March 31, 2023.

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7. PROPERTY AND EQUIPMENT (continued)

Reconciliation of the carrying amounts as at March 31, 2023 and 2022 are as follows:

	March 31, 2023			March 31, 2022		
	Accumulated			Accumulated		
	Cost	Depreciation	Net book value	Cost	Depreciation	Net book value
Office furnitures, equipment and software	\$ 501,878	\$ 294,819	\$ 207,059	\$ 329,374	\$ 68,402	\$ 260,972
Vehicles	216,852	68,331	148,521	251,168	65,356	185,812
Buildings	45,016	7,876	37,140	48,775	8,534	40,241
Land	134,861	-	134,861	146,123	-	146,123
Machinery and equipment	2,000,137	150,302	1,849,835	398,748	95,327	303,421
Right of use assets	1,824,954	246,588	1,578,366	1,624,344	56,499	1,567,845
Assets under construction	9,253,970	-	9,253,970	13,061,000	-	13,061,000
	\$ 13,977,668	\$ 767,916	\$ 13,209,752	\$ 15,859,532	\$ 294,118	\$ 15,565,414

As at March 31, 2023, the carrying value of property and equipment is comprised of \$nil in Canada (March 31, 2022 - \$nil), \$17,448 in Morocco (March 31, 2022 - \$17,448) and \$13,192,304 in Namibia (March 31, 2022 - \$14,348,326).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2023	March 31, 2022
Trade payables	\$ 153,446	\$ 4,314,159
Accruals	81,641	255,366
	\$ 235,087	\$ 4,569,525

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9. EXPLORATION AND EVALUATION EXPENDITURES

	Year ended March 31,	
	2023	2022
<u>Trigon Namibia</u>		
Drilling and assay	\$ 1,238,918	\$ 416,166
Field office and support	305,010	12,118
Consulting and labour	680,328	13,743
Licence and permit	15,153	3,283
Environmental assessment	-	51
Travel	68,438	-
Recovery exploration and evaluation property	-	(157,953)
	\$ 2,307,847	\$ 287,408
<u>Technomine, Morocco</u>		
Assay and survey	\$ 463	\$ 9,946
Drilling	-	39,416
Field office and support	50,315	69,435
Consulting and labour	266,102	278,574
Travel	6,707	27,081
	\$ 323,587	\$ 424,452
Total exploration and evaluation expenditures	\$ 2,631,434	\$ 711,860

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 an 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 has been granted for a two-year period commencing on June 16, 2023.

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9. 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 \$369,467 (CAD\$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 \$554,200 (CAD\$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 was to pay to the Vendors \$295,574 (CAD\$400,000) (outstanding) and issue such number of Trigon common shares equal to \$184,734 (CAD\$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 \$923,668 (CAD\$1,250,000) (based on their trading price at the time) to the Vendors (outstanding).

In addition, the Company paid \$33,252 (CAD\$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 \$27,710 (CAD\$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.

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") from Namibian company, Otiwa Mining and Prospecting CC ("Otiwa"). EPL 8529 surrounds the Company's Kombat and Gross Otavi projects in Otavi mountain land.

EPL 8529 is valid for a period of three years from November 9, 2022 to November 8, 2025 and was transferred to Trigon Namibia with effect from May 24, 2023.

The purchase consideration for the licence comprises a cash price of \$98,576 (N\$1,750,000) and \$19,058 (N\$250,000) to which has been settled by the issuance of 84,129 shares of the Company. The acquisition of the licence was completed on June 13, 2023.

Following this purchase, the Company is the owner of the following exclusive prospecting licence, reflecting the current status of activities, as follows:

1. EPL 7525 in the Grootfontein district, active status.
2. EPL 8529 in Grootfontein district, pending transfer.
3. EPL 8598 in the Grootfontein district, pending ECC.

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10. 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, warrant liability and buyback option on streaming arrangement are recorded at fair value.

Financial assets and financial liabilities as at March 31, 2023 and 2022 were as follows:

	Assets & liabilities at amortized cost	Assets & liabilities at fair value through profit & loss	TOTAL
<u>At March 31, 2023</u>			
Financial assets:			
Cash	\$ 20,732,663	\$ -	\$ 20,732,663
Trade receivables	25,539	-	25,539
Buyback option on streaming arrangement	-	1,233,797	1,233,797
Financial liabilities:			
Accounts payable and accrued liabilities	(235,087)	-	(235,087)
Lease liability	(194,183)	-	(194,183)
Warrant liability	-	(252,716)	(252,716)
Acquisition fees payable	(1,273,998)	-	(1,273,998)
<u>At March 31, 2022</u>			
Financial assets:			
Cash	\$ 319,867	\$ -	\$ 319,867
Trade receivables	42,892	-	42,892
Financial liabilities:			
Accounts payable and accrued liabilities	(4,569,525)	-	(4,569,525)
Lease liability	(843,203)	-	(843,203)
Acquisition fees payable	(1,415,141)	-	(1,415,141)
Loan payable	(2,446,572)	-	(2,446,572)

Level 2 hierarchy

The warrant liability is classified as a Level 2 financial instrument within the hierarchy of the Company's financial instruments, measured at FVPL in the consolidated statements of financial position as at March 31, 2023.

Within Level 2, the Company includes inputs other than quoted prices that are observable for the liability such as volatility of the underlying shares, interest rates and time to expiry.

Trigon Metals Inc.

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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 March 31, 2023.

Fair value as at October 24, 2022	\$	-
Change in fair value		1,233,797
Fair value as at March 31, 2023	\$	1,233,797

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 March 31, 2023 will result in a corresponding increase or decrease of approximately \$308,000 (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 year ended March 31, 2023. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of March 31, 2023, 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, 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.

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11. CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS (Continued)

The following discussion also includes a sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on income or loss and shareholders' equity, where applicable. The sensitivity analysis has been prepared for the year ended March 31, 2023, using the amounts of other financial assets and liabilities held as at the consolidated statement of financial position date.

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets. 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	\$ 235,087	\$ -	\$ -	\$ -	\$ 235,087
Lease liabilities	63,525	172,432	-	-	235,957
Acquisition fees payable	575,839	923,668	-	-	1,499,507
Balance March 31, 2023	\$ 874,451	\$ 1,096,100	\$ -	\$ -	\$ 1,970,551
Accounts payable and accrued liabilities	\$ 4,569,525	\$ -	\$ -	\$ -	\$ 4,569,525
Lease liabilities	843,203	-	-	-	843,203
Loan payable	716,988	1,822,286	-	-	2,539,274
Acquisition fees payable	542,544	1,000,801	-	-	1,543,345
Balance March 31, 2022	\$ 6,672,260	\$ 2,823,087	\$ -	\$ -	\$ 9,495,347

The Company's approach to managing liquidity risk is to endeavour to have sufficient liquidity to meet liabilities when due. As at March 31, 2023, the Company had a cash balance of \$20,732,663 (March 31, 2022: \$319,867). As at March 31, 2023, the Company's financial liabilities consisted of accounts payable and accrued liabilities of \$235,087 (March 31, 2022: \$4,569,525) all due in less than one year, other current liabilities of \$1,536,650 (March 31, 2022 - \$2,162,608), plus long term liabilities of \$40,807,046 (March 31, 2022: \$2,542,308).

During the year ended March 31, 2022, Trigon raised \$8,938,127 (CAD\$11,317,457) through private placement financing, received \$3,733,558 (CAD\$4,727,431) through warrants exercised, \$7,108 (CAD\$9,000) through options exercised, and received \$2,446,572 (CAD\$3,055,769) of net proceeds from loans payable. The loan payable was fully repaid in October 2022.

During the year ended March 31, 2023, Trigon raised \$3,923,742 (CAD\$5,310,000) through a convertible security (Note 18) and \$37,500,000 through a streaming agreement (Note 16). The convertible security was fully repaid in October 2022.

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11. 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 Canadian dollars, 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 US dollars and only purchasing Canadian 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 \$2,369,000 (year ended March 31, 2022: \$3,569,276).

12. SHARE CAPITAL

(a) Authorized:

Unlimited number of voting common shares

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

(b) Issued:

Reconciliation of the number and value of common shares for the years March 31, 2023 and 2022 were as follows.

All issued shares are fully paid.

	Note	Number of shares	Issued capital
Balance, March 31, 2021		116,067,023	\$ 36,291,169
Shares issued pursuant to private placements		29,188,807	8,938,127
Warrants issued		-	(1,781,833)
Broker warrants issued		-	(179,055)
Cost of issue		-	(371,037)
Warrants exercised		24,350,372	3,733,558
Value of warrants exercised		-	704,774
Options exercised		50,000.00	7,108
Value of options exercised		-	5,765
Foreign currency translation adjustment due to change in presentation currency	4	-	399,249
Balance, March 31, 2022		169,656,202	\$ 47,747,825
Convertible security conversion	18	5,271,605	535,746
Cost of issue		-	(12,467)
Foreign currency translation adjustment due to change in presentation currency	4	-	(3,720,295)
Balance, March 31, 2023		174,927,807	\$ 44,550,809

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12. 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 CAD\$0.40 per unit for aggregate gross proceeds of \$3,033,486 (CAD\$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 CAD\$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 CAD\$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 \$171,876 (CAD\$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 CAD\$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 CAD\$0.40 per unit for aggregate gross proceeds of \$2,389,038 (CAD\$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 CAD\$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 CAD\$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 \$129,363 (CAD\$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 CAD\$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 CAD\$0.35 per unit for gross proceeds of \$915,673 (CAD\$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 CAD\$0.50 for a period of 24 months. The Company paid finder's fees of \$41,736 (CAD\$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 CAD\$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 CAD\$0.35 per unit for aggregate proceeds of \$1,063,838 (CAD\$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 CAD\$0.50 for a period of 24 months. The Company paid cash finder's fees of \$25,403 (CAD\$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 CAD\$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 CAD\$0.40 per unit for aggregate gross proceeds of \$1,536,902 (CAD\$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 CAD\$0.50 for a period of 24 months. The Company paid cash finder's fees of \$44,227 (CAD\$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 CAD\$0.40 for a period of 24 months. The Company paid \$71,000 (CAD\$89,901) in filing and professional fees in relation to this private placement.

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13. EQUITY RESERVES

	No. of Options	Weighted Average Exercise Price (CAD)	Grant Date Fair Value of Options	No. of Warrants, Broker	Weighted Average Exercise Price (CAD)	Grant Date Fair Value of Warrants, Broker	TOTAL
March 31, 2021	4,085,000	\$0.22	\$ 592,475	45,226,598	\$0.24	\$ 1,980,406	\$ 2,572,881
Granted	4,610,000	\$0.35	1,003,317	15,779,089	\$0.49	1,960,888	2,964,205
Exercised	(50,000)	\$0.18	(5,765)	(24,350,372)	\$0.19	(704,774)	(710,539)
Expired	(685,000)	\$0.31	(166,400)	(1,166,666)	\$0.25	(37,816)	(204,216)
Warrant issue costs (net)	-	-	-	-	-	(91,782)	(91,782)
Foreign currency translation adjustment	-	-	15,477	-	-	28,992	44,469
March 31, 2022	7,960,000	\$0.23	\$ 1,439,104	35,488,649	\$0.37	\$ 3,135,914	4,575,018
Granted	1,350,000	\$0.15	94,247	15,925,373	\$0.34	2,325,926	2,420,173
Expired	(200,000)	\$0.39	(50,052)	(164,950)	-	(11,854)	(61,906)
Warrant issue costs (net)	-	-	-	-	-	(6,732)	(6,732)
Foreign currency translation adjustment	-	-	(114,041)	-	-	(422,914)	(536,955)
March 31, 2023	9,110,000	\$0.15	\$ 1,369,258	51,249,072	\$0.35	\$ 5,020,340	\$ 6,389,598

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 1,350,000 options granted during the year ended March 31, 2023 (4,610,000 options granted during the year ended March 31, 2022). The weighted average life of total outstanding options is 2.42 years at March 31, 2023 (March 31, 2022 – 3.75 years).

As at March 31, 2023, the Company had stock options outstanding and exercisable as follows:

Grant date	Expiry date	Number outstanding	Number exercisable	Exercise price (CAD)	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	38,171	0	112	5	2.16
21-Oct-19	21-Oct-24	2,850,000	2,850,000	\$0.18	330,895	0	115	5	1.57
1-Dec-21	1-Dec-24	200,000	200,000	\$0.46	53,439	0	126	3	1.03
21-Feb-22	21-Feb-27	4,410,000	4,410,000	\$0.34	956,819	0	117	5	1.74
26-Aug-22	26-Aug-24	750,000	750,000	\$0.15	81,352	0	115	5	3.25
26-Aug-22	26-Aug-27	600,000	200,000	\$0.15	41,988	0	94	2	3.54
		9,110,000	8,710,000		\$ 1,502,664				

The expected volatility is based on historical share prices of the Company.

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13. EQUITY RESERVES (Continued)

Warrants and warrant liability

As at March 31, 2023, the Company had the following share purchase warrants outstanding that are equity settled:

	Grant date	Expiry date	Number outstanding	Exercise price (CAD)	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	310,572	0	97	3	1.65
Warrants on units	24-Sep-20	24-Sep-23	6,909,499	\$0.45	804,992	0	112	3	0.26
Warrants on units	13-Oct-20	13-Oct-23	695,999	\$0.45	81,046	0	112	3	0.23
Broker warrants	24-Sep-20	24-Sep-23	289,116	\$0.45	47,723	0	112	3	0.26
Warrants on units	7-Sep-21	7-Sep-23	4,801,250	\$0.50	576,879	0	119	2	0.40
Broker warrants	7-Sep-21	7-Sep-23	544,075	\$0.40	71,310	0	119	2	0.40
Warrants on units	20-Sep-21	20-Sep-23	3,781,250	\$0.50	454,536	0	119	2	0.44
Broker warrants	20-Sep-21	20-Sep-23	294,350	\$0.40	38,595	0	119	2	0.44
Warrants on units	7-Feb-22	7-Feb-24	1,656,321	\$0.35	164,189	0	116	2	1.34
Broker warrants	7-Feb-22	7-Feb-24	149,560	\$0.50	21,674	0	116	2	1.34
Warrants on units	14-Feb-22	16-Feb-24	1,924,333	\$0.35	190,097	0	116	2	1.53
Broker warrants	14-Feb-22	16-Feb-24	56,700	\$0.50	8,526	0	116	2	1.53
Warrants on units	14-Mar-22	14-Mar-24	2,431,250	\$0.40	281,451	0	113	2	1.77
Broker warrants	14-Mar-22	14-Mar-24	140,000	\$0.50	27,426	0	113	2	1.77
Warrants on convertible debenture	27-Apr-22	27-Apr-24	15,925,373	\$0.35	2,143,384	0	107	2	2.62
Warrant issue costs					(202,060)				
			51,249,072		\$ 5,020,340				

The expected volatility is based on historical share prices of the Company.

The weighted average life of total outstanding warrants is 0.87 years as at March 31, 2023 (March 31, 2022 – 1.32 years).

As at March 31, 2023, the Company had the following share purchase warrants outstanding that are classified as a warrant liability:

	Grant date	Expiry date	Number outstanding	Exercise price (CAD)	Grant date fair value	Dividend yield (%)	Expected volatility (%)	Expected life (years)	Risk free rate (%)
Warrants on stream agreement	24-Oct-22	24-Oct-25	2,500,000	\$0.19	\$ 252,716	0	133	3	4.11
			2,500,000		\$ 252,716				

The expected volatility is based on historical share prices of the Company.

In connection with the Sprott Mining Inc. credit agreement (Note 16), the Company issued 2,500,000 common share purchase warrants, each exercisable for one common share of the Company at a price of CAD\$0.47 per common share 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 CAD\$0.23 with a term of three years. As a result of this modification, an additional \$186,671 (CAD\$252,622) was included in the warrant liability with a corresponding charge to the statement of loss. These warrants were classified as a liability as they were issued after the change in functional currency of the Company.

On November 29, 2022, the Company announced the extension of 11,649,996 common share purchase warrants, all of which are exercisable at CAD\$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.

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14. RELATED PARTY TRANSACTIONS

Compensation of key management

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

	Year ended	
	March 31,	
	2023	2022
Consulting fees	\$ 453,525	\$ 410,692
Share-based payments	77,326	-
	\$ 530,851	\$ 410,692

See also Notes 12 and 13.

There were no amounts included in accounts payable and accrued liabilities as at March 31, 2023 for consulting fees and expenses charged by current and former officers and directors of the Company (March 31, 2022: \$31,665). 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.

15. 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 \$1,321,000 to be made to the officers of the Company upon the occurrence of certain events such as a change of control. As the triggering effect has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Additional minimum management contractual commitments remaining under the agreements are approximately \$487,000, 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. See Note 9.

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15. COMMITMENTS AND CONTINGENCIES (continued)

Sprott Private Resource Streaming and Royalty (B) Corporation (“Sprott Streaming”) Streaming Agreement

If production from the Asis West underground mine does not reach a thirty consecutive day average daily production of 900 tonnes of ore per day by October 31, 2025, Trigon shall repay Sprott \$37,500,000 multiplied by the pro rata production achieved relative to the 900 tonne of ore per day threshold underground production. The repayment obligation will convert to a one-year promissory note bearing interest at 12% per annum.

16. PROJECT FINANCE FACILITY AND OFFTAKE

Financing Facility

On October 27, 2021, the Company entered into a credit agreement with IXM SA (“IXM”) for a \$5,000,000 project finance facility (the “Facility”) to finance operating expenditures.

The Facility was structured in two tranches of \$2,500,000 each. The first \$2,500,000 tranche was drawn down in November 2021 and a further \$250,000 was drawn in January 2022. The remaining \$2,250,000 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 Mining”) 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 \$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 CAD\$0.47 per common share 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 CAD\$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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16. 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 \$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 Company estimates the current portion of deferred revenue based on deliveries anticipated over the next twelve months based on the mine plan.

Deferred revenue consists of: 1) initial cash deposit received by the Company for future delivery of payable copper and silver, and 2) a significant financing component of the agreement resulting from the difference in the timing of the upfront consideration received and the promised goods delivered. As such, the Company recognizes interest expense at each reporting period and will accrete the deferred revenue balance to recognize the significant financing element that is part of the agreement. The interest rate of 23.68% is determined based on the rate implicit in the agreement at the date of inception.

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 15).

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 \$1,233,797 on the statement of financial position as at March 31, 2023. The fair value of the buyback option was estimated using a Geometric Brownian motion model using the following assumptions: expected copper volatility of 10.05% based on historical volatility of commodity copper, expected silver volatility of 18.28% based on historical volatility of commodity silver, risk-free rate of 3.12%, copper price of \$9,004 per tonne, silver price of \$23.89 per ounce, estimated step down date of June 30, 2026.

On the issuance date, the fair value of the derivative asset of the buyback option had an estimated fair value of \$1,926,653, which was accounted for as a derivative asset at FVPL, with a corresponding increase in a contra derivative asset account. The fair value of the buyback option was estimated using a Geometric Brownian motion model using the following assumptions: expected copper volatility of 11.23% based on historical volatility of commodity copper, expected silver volatility of 17.98% based on historical volatility of commodity silver, risk-free rate of 3.82%, copper price of \$7,689 per tonne, silver price of \$19.22 per ounce, estimated step down date of April 30, 2024.

Deferred revenue on streaming arrangement as at March 31, 2022	\$	-
Additions		37,500,000
Accretion		3,122,799
Deferred revenue on streaming arrangement as at March 31, 2023	\$	40,622,799
Current	\$	644,570
Non-current		39,978,229
	\$	40,622,799

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17. 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 \$1,449,498 (CAD\$1,961,606), payable in three cash tranches as follows:

- \$184,733 (CAD\$250,000) paid on commencement of the lease;
- \$619,909 (CAD\$830,803) payable on January 17, 2022 (\$449,602 (CAD\$608,446) paid during the year ended March 31, 2022, \$164,307 (CAD\$222,357) paid in October 2022); and
- \$619,909 (CAD\$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 CAD\$0.46 in relation to the KVP lease during the year ended March 31, 2022. The options vested immediately and are exercisable for a period of three years. See Note 13.

In January 2022, the Company transferred a 10% equity interest in the Company's wholly owned subsidiary, Gazania, valued at \$36,947 (CAD\$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 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.

Lease liability as at March 31, 2021	\$	-
Additions		1,624,344
Lease payments		(781,142)
Lease liability as at March 31, 2022	\$	843,202
Additions		333,268
Interest expense		11,429
Lease payments		(906,019)
Effect of exchange differences		(87,697)
Lease liability as at March 31, 2023	\$	194,183

	March 31, 2023	March 31, 2022
Current lease liability	\$ 63,525	\$ 843,203
Non-current lease liability	130,658	-
	\$ 194,183	\$ 843,203

Future undiscounted minimum lease payments for the lease agreements are as follows:

	March 31, 2023	March 31, 2022
Within one year	\$ 63,525	\$ 843,203
After one year but not more than five years	172,432	-
More than five years	-	-
	\$ 235,957	\$ 843,203

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18. 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 \$4,876,967 (CAD\$6,600,000), representing a principal amount of \$4,064,140 (CAD\$5,500,000) and a prepaid interest amount of \$812,828 (CAD\$1,100,000).

The Convertible Security ranked senior and was secured by all 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 CAD\$0.35 per common share.

Commencing four months after closing, the Company was to begin repaying the Convertible Security in monthly installments of \$202,206 (CAD\$275,000). Lind had the right to convert any portion of the principal amount at a price per share of CAD\$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.

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 CAD\$0.335 and expected life of two years.

In October 2022, Lind exercised its right to convert \$199,512 (CAD\$270,000) of accrued interest into 2,000,000 common shares of the Company at a conversion price of CAD\$0.135 per share.

The Company repaid Lind \$4,064,140 (CAD\$5,500,000) of principal under the convertible security funding agreement and agreed to repay the remaining prepaid interest obligation of \$391,635 (CAD\$530,000) (\$591,148 (CAD\$800,000) total, less a \$221,680 (CAD\$300,000) reduction granted by Lind for early payment) by the issuance of 3,271,605 common shares of the Company at a price equal to CAD\$0.162 per share. This price was agreed between the Company and Lind and represents 90% of the market price of the Company’s shares on the last trading day prior to the settlement agreement. 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	\$	-
Issuance		4,658,798
Fair value adjustment		79,043
Conversion		(535,746)
Repayment		(4,064,140)
Effect of foreign exchange currency difference		(137,955)
Fair value of convertible security as at March 31, 2023	\$	-

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19. INCOME TAXES

a) Provision for income taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2022 - 26.5%) were as follows:

	2023	2022
	\$	\$
Combined Canadian statutory income tax rate	26.50%	26.50%
(Loss) before income taxes	(18,214,284)	(5,697,656)
Expected income tax recovery based on statutory rate	(4,827,000)	(1,413,000)
Adjustment to expected income tax benefit:		
Stock based compensation	24,000	236,000
Non-deductible expenses and other	(499,000)	(482,000)
Changes and differences in tax rates	(1,055,000)	(313,000)
Change in benefit of tax assets recognized	6,357,000	1,972,000
Deferred income tax provision (recovery)	-	-

b) Deferred income tax

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

	2023	2022
	\$	\$
Share issuance costs - Canada	559,000	771,000
Exploration and evaluation expenditures - Canada	223,000	218,000
Non-capital loss carry-forwards - Canada	18,152,000	12,189,000
Non-capital loss carry-forwards - Barbados	238,000	203,000
Non-capital loss carry-forwards - Namibia	15,678,000	5,987,000
Property and equipment - Namibia	7,745,000	-
Non-capital loss carry-forwards - Morocco	524,000	439,000

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

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19. INCOME TAXES (Continued)

c) Losses carried forward

As at March 31, 2023, the Company had estimated non-capital losses for Canadian income tax purposes of approximately \$18,152,000 (2022 - \$12,189,000) available to use against future taxable income. The non-capital losses expire between 2032 and 2042.

The Company's Barbados subsidiaries have non-capital losses of approximately \$238,000 (2022 - \$203,000) available to use against future taxable income, expiring between 2022 and 2029.

The Company's Moroccan subsidiaries have non-capital losses of approximately \$524,000 (2022 - \$439,000) available to use against future taxable income, expiring between 2025 and 2026.

In addition, the Company's Namibian subsidiaries have non-capital losses of approximately N\$155,889,122 (2021 - N\$94,334,976) available to use against future taxable income. These non-capital losses may be carried forward indefinitely:

Expiry	Canada	Barbados	Namibia	Morocco	Total
2021	-	15,000	-	-	15,000
2022	-	116,000	-	-	116,000
2023	-	20,000	-	-	20,000
2024	-	11,000	-	-	11,000
2025	-	2,000	-	307,000	309,000
2026	-	5,000	-	138,000	143,000
2027	-	6,000	-	79,000	85,000
2028	-	22,000	-	-	22,000
2029	-	6,000	-	-	6,000
2030	-	35,000	-	-	35,000
2032	1,442,000	-	-	-	1,442,000
2033	1,224,000	-	-	-	1,224,000
2034	721,000	-	-	-	721,000
2035	953,000	-	-	-	953,000
2036	805,000	-	-	-	805,000
2037	973,000	-	-	-	973,000
2038	1,324,000	-	-	-	1,324,000
2039	1,123,000	-	-	-	1,123,000
2040	1,118,000	-	-	-	1,118,000
2041	964,000	-	-	-	964,000
2042	1,281,000	-	-	-	1,281,000
2043	6,224,000	-	-	-	6,224,000
Indefinitely	-	-	15,678,000	-	15,678,000
	\$ 18,152,000	\$ 238,000	\$ 15,678,000	\$ 524,000	\$ 34,592,000

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20. SUBSEQUENT EVENTS

Moroccan prospecting licences

The Company announced that it had been granted six exclusive prospecting licences and two mining permits in May and June 2023 in the Addana Mountains of Southern Morocco. These licences relate to a silver and lead deposit.

Private placement

On July 12, 2023, the Company closed a private placement offering of units, consisting of 25,000,000 units at a price of CAD\$0.20 per unit for aggregate gross proceeds of \$3,694,672 (CAD\$5,000,000). 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 CAD\$0.30 for a period of 36 months. The Company paid cash finder's fees of \$151,075 (CAD\$204,450) and issued 1,022,250 non-transferrable compensation options. Each compensation option entitles the holder to purchase one common share at an exercise price equal to the offering price for a period of 36 months. In addition, the Company also paid a corporate finance fee of \$61,332 (CAD\$83,000) and 417,000 compensation options to the agents of the offering. The agent's compensation options entitle the holder to purchase an equal number of common shares, subject to certain circumstances, at an exercise price equal to the offering price, for a period of 36 months.