

TORR METALS INC.

Interim Financial Statements

For the three months ended July 31, 2023 and 2022

(Expressed in Canadian Dollars)

To the shareholders of Torr Metals Inc:

The interim financial statements of Torr Metals Inc. (the “Company”) for the three months ended July 31, 2023 and 2022 have been compiled by management.

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

TORR METALS INC.
 Statements of Financial Position
 (Expressed in Canadian Dollars)

(unaudited)

As at	July 31, 2023	April 30, 2023
ASSETS		
Current		
Cash (note 6)	\$ 2,117,321	\$ 2,235,989
Accounts receivable (note 6)	867	867
Goods and services tax receivable	8,862	12,344
Prepays and deposits	18,683	27,769
	2,145,733	2,276,969
Non-current		
Reclamation bond	12,366	12,366
Exploration and evaluation properties (note 3, 4)	6,854,186	6,790,031
TOTAL ASSETS	\$ 9,012,285	\$ 9,079,366
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 30,634	\$ 30,846
Deferred flow-through premium liability (note 5a)	361,620	390,320
TOTAL LIABILITIES	392,254	421,166
SHAREHOLDER'S EQUITY		
Share capital (note 5a)	9,161,341	9,164,091
Option and warrant reserve (note 5b)	539,700	539,700
Accumulated deficit	(1,081,010)	(1,045,591)
TOTAL EQUITY	8,620,031	8,658,200
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 9,012,285	\$ 9,079,366

Nature of operations and going concern (note 1)

Subsequent events (note 8)

Approved by the Board of Directors on September 29, 2023

Director (signed by) "Malcolm Dorsey"

Director (signed by) "John Williamson"

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

TORR METALS INC.

Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

(unaudited)

For the three months ended	July 31, 2023	July 31, 2022
Expenses		
Advertising and promotion	\$ 42,325	\$ 101,727
Management fees (note 7)	19,000	14,500
Office and administration	16,796	20,425
Professional fees	12,000	13,653
Regulatory and filing fees	1,544	3,584
Total expenses	(91,665)	(153,889)
Other income (expenses)		
Interest income	27,546	19,197
Settlement of flow-through liability (note 5a)	28,700	57,663
Comprehensive loss for the period	\$ (35,419)	\$ (77,029)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)
Basic and diluted weighted average number of common shares outstanding	35,931,294	35,525,799

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

TORR METALS INC.
 Statements of Changes in Equity
 (Expressed in Canadian Dollars)

(unaudited)

	Number of shares	Share capital	Option and warrant reserve	Accumulated deficit	Total shareholder's equity
Balance at April 30, 2022	31,831,294	\$ 8,441,267	\$ 560,558	\$ (960,524)	\$ 8,041,301
Shares issued for cash (note 5a)	4,100,000	1,353,000	-	-	1,353,000
Share issuance costs (note 5a)	-	(47,083)	-	-	(47,083)
Deferred flow-through premium liability	-	(574,000)	-	-	(574,000)
Cancellation of expired broker warrants	-	-	-	-	-
Net loss	-	-	-	(77,029)	(77,029)
Balance at July 31, 2022	35,931,294	\$ 9,173,184	\$ 560,558	\$(1,037,553)	\$ 8,696,189
Share issuance costs (note 5a)	-	(9,093)	-	-	(9,093)
Cancellation of expired broker warrants	-	-	(20,858)	20,858	-
Net loss	-	-	-	(28,896)	(28,896)
Balance at April 30, 2023	35,931,294	\$ 9,164,091	\$ 539,700	\$(1,045,591)	\$ 8,658,200
Share issuance costs (note 5a)	-	(2,750)	-	-	(2,750)
Net loss	-	-	-	(35,419)	(35,419)
Balance at July 31, 2023	35,931,294	\$ 9,161,341	\$ 539,700	\$(1,081,010)	\$ 8,620,031

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

TORR METALS INC.
 Statements of Cash Flows
 (Expressed in Canadian Dollars)

(unaudited)

For the three months ended	July 31, 2023	July 31, 2022
Cash provided by (used in):		
Operating activities		
Net loss for the period	\$ (35,419)	\$ (77,029)
Items not affecting cash:		
Settlement of deferred flow-through premium liability	(28,700)	(57,663)
	<u>(64,119)</u>	<u>(134,692)</u>
Changes in non-cash working capital:		
Goods and services tax receivable	3,482	(30,752)
Accounts receivable and prepayments	9,086	(7,375)
Accounts payable and accrued liabilities	(10,525)	(86,207)
	<u>(62,076)</u>	<u>(259,026)</u>
Cash used in operating activities		
	<u>(62,076)</u>	<u>(259,026)</u>
Investing activities		
Exploration and evaluation property exploration expenditures (note 4)	(53,842)	(341,949)
	<u>(53,842)</u>	<u>(341,949)</u>
Cash used in by investing activities		
	<u>(53,842)</u>	<u>(341,949)</u>
Financing activities		
Proceeds from private placements (note 5a)	-	1,353,000
Share issuance costs	(2,750)	(47,083)
	<u>(2,750)</u>	<u>1,305,917</u>
Cash provided by financing activities		
	<u>(2,750)</u>	<u>1,305,917</u>
Net increase (decrease) in cash	(118,668)	704,942
Cash, beginning of period	<u>2,235,989</u>	<u>3,148,590</u>
Cash, end of period	\$ 2,117,321	\$ 3,853,532

As at July 31, 2023, \$10,313 (2022 - \$294,799) exploration and evaluation property expenditures are included in accounts payable and accrued liabilities.

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

TORR METALS INC.

Notes to the Interim Financial Statements

For the three months ended July 31, 2023 and 2022

(Expressed in Canadian Dollars)

1. Nature of operations and going concern

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

On April 30, 2022, the Company completed a vertical short-form amalgamation pursuant to the Business Corporations Act with its wholly owned subsidiary 1306043 B.C. Ltd. ("130"). Pursuant to the Amalgamation, the resulting amalgamated company has adopted the name "Torr Metals Inc.", maintained the same Articles and management as the Company, issued no securities, the symbol "TMET" and the CUSIP remains the same.

The Company's principal business is to explore and develop the Latham Copper-Gold Project in northern British Columbia. The Company's head office is at Suite 780, 1111 West Hastings Street, Vancouver, BC, V6E 2J3.

While these financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations for the foreseeable future, there are significant uncertainties related to certain adverse conditions and events that may cast doubt on the validity of this assumption. As at July 31, 2023, the Company had working capital of \$1,753,479 (April 30, 2023 - \$1,855,803) and an accumulated deficit of \$1,081,010 (April 30, 2023 - \$1,045,591). The Company anticipates that its cash resources will be sufficient to cover its projected funding requirements for the ensuing year. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

2. Basis of presentation

Statement of compliance with International Financial Reporting Standards

These interim financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These interim financial statements were authorized for issue by the Board of Directors of the Company on September 29, 2023.

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

3. Acquisition of 1306043 BC Ltd.

On November 26, 2021, the Company executed an amalgamation agreement (the "Agreement") with 1306043 BC Ltd. ("130 BC") which provided for the transfer all of 130 BC's issued and outstanding shares to Torr, in exchange for the issuance of 22,106,867 common shares of Torr and 2.0% net smelter returns royalty from any production of the Dalvenie Property. As a result of this transaction, 130 BC. became a wholly owned subsidiary and Torr acquired a 100% interest in the Dalvenie and Hu Properties.

TORR METALS INC.

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For the three months ended July 31, 2023 and 2022

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Due to the fact that the 130 BC is an exploration stage, with no significant operations, no processes or outputs, and no demonstrated technical feasibility or commercial viability of the project. Consequently, the Company has accounted for its acquisition of 130 BC as an asset acquisition, whereby acquired assets and liabilities assumed are measured at their fair values at the acquisition date unless they are not readily measurable, in which case the fair value of the share-based payments and other consideration is used. No goodwill is recognized; and acquisition-related costs are capitalized to the assets.

The amounts shown below represent relative fair value of net assets on the effective date of the Agreement, which was November 26, 2021.

Purchase consideration:

Shares issued in exchange for 130 BC Shares (i)	\$ 6,632,060
Warrants issued in exchange for 130 BC warrants (ii)	<u>16,393</u>
	<u>\$ 6,648,453</u>

Assets acquired:

Cash	\$ 2,732,060
Other current assets	867
Mineral interest - Dalvenie and Hu properties (note 4)	<u>4,049,190</u>
	6,782,117

Less: liabilities assumed:

Transaction costs	(113,771)
Accounts payable and accrued liabilities	<u>(19,893)</u>

Total Purchase consideration

\$ 6,648,453

(i) For accounting purposes, the common shares issued were recorded at \$0.30 per common share, representing the Company's share price on the date of issuance.

(ii) The Company issued warrants in exchange for 130 BC warrants with an estimated fair value of \$16,393 (note 5).

Subsequent to the acquisition, the Company amalgamated with 1306043 BC Ltd. on April 30, 2022 (note 1).

4. Exploration and evaluation properties

On November 26, 2021, the Company completed its Qualifying Transaction (the "QT") by acquiring the British Columbia mineral claims known as the Hu Property and Dalvenie Property, by way of an acquisition transaction of 1306043 BC Ltd. (note 3). Immediately after the acquisition, the Company acquired mineral claims known as the Gnat claims. Together, the consolidated Gnat Claims, Hu Property and Dalvenie Property are now known as the Latham Copper-Gold Project, a mineral exploration property comprised of 41 mineral claims totaling 49,694 hectares in northern British Columbia.

To acquire the Dalvenie and Hu claims the Company acquired 1306043 BC Ltd., by issuing 22,106,867 shares in a share exchange (note 4).

To acquire the Gnat claims, the Company paid \$100,000 cash to the vendor and issued 400,000 common shares of the Company at a deemed price of \$0.30 per share for a total consideration of \$220,000. The vendor retains a 2% net smelter royalty.

Crown Grants Acquisition

On April 12, 2022, the Company acquired 13 undersurface crown grants for total cash consideration of \$25,000 plus the cost of transferring the title of the undersurface Crown Grants to the Company. No finder's fees were paid in connection with the Acquisition.

Total costs incurred by the Company on the Latham property are summarized as follows:

	<u>Acquisition</u>	<u>Exploration</u>	<u>Total</u>
Balance, April 30, 2023	\$ 4,612,074	\$ 2,177,957	\$ 6,790,031
Assay and analysis	-	1,113	1,113
Community relations	-	31,284	31,284
Drilling	-	1,500	1,500
General and administrative	-	111	111
Geological consulting	-	29,647	29,647
Permits	-	500	500
Balance, July 31, 2023	\$ 4,612,074	\$ 2,242,112	\$ 6,854,186

During the three months ended July 31, 2023, and 2022, the Company spent \$53,842 (2022 - \$341,949) on mineral property exploration expenditures.

5. Share capital

On November 26, 2021, immediately prior to the QT, the Company consolidated all its issued and outstanding common shares based on one post-consolidation common share for every 1.4538 pre-consolidation common shares. All share data and equity-based instruments have been retroactively adjusted to give effect to the consolidation.

a) Common shares

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

	<u>Number of shares</u>	<u>Amount</u>
Balance at April 30, 2023	35,931,294	\$ 9,164,091
Share issuance cost	-	(2,750)
Balance at July 31, 2023	35,931,294	\$ 9,161,341

Acquisition and amalgamation of 1306034 B.C. Ltd.

As part of the QT, 1306034 B.C. Ltd. amalgamated with 1334885 B.C. Ltd., and continued as an amalgamated wholly-owned subsidiary of the Company. All existing common shares and warrants of both corporations were exchanged for shares of the Company on a one-to-one basis. The Company issued 22,106,867 shares at a deemed price of \$0.30 per share to acquire 1306043 BC Ltd. for total consideration of \$6,632,060.

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Flow-through financing

On May 10, 2022, the Company completed a flow-through financing by issuing 4,100,000 post-consolidated flow through shares at a price of \$0.33 per share for gross proceeds \$1,353,000 and recognized a deferred flow-through premium of \$574,000 as the difference between the amounts recognized in common shares and the amounts the investors paid for the units. As at July 31, 2023, the Company has incurred \$492,164 of eligible exploration expenditures relating to these flow-through shares. As a result, the amount of \$212,380 in connection with the settlement of the flow-through liability was recognized in other income. No finders fees were paid in connection with the financing.

On November 26, 2021, immediately following the amalgamation, the Company completed a flow-through financing by issuing 4,805,241 post-consolidated flow through shares at a price of \$0.33 per share for gross proceeds \$1,585,730 and recognized a deferred flow-through premium of \$144,157 as the difference between the amounts recognized in common shares and the amounts the investors paid for the units. As at April 30, 2023, the Company has incurred all eligible exploration expenditures relating to these flow-through shares. As a result, the amount of \$144,157 in connection with the settlement of the flow-through liability was recognized in other income. The Company paid finders fees in the amount of \$114,029 in connection with the flow-through financing.

Acquisition of Gnat claims

On November 26, 2021, the Company acquired the Gnat claims, by issuing 400,000 common shares of the Company and a \$100,000 cash payment. The vendor retains a 2% net smelter royalty.

Escrowed Common Shares

Pursuant to the closings of the Company's initial public offering ("IPO") and Qualifying Transaction, 2,242,395 of the Company's outstanding common shares are subject to a CPC Escrow Agreement and 12,666,667 are subject to a Tier 2 Value Security Escrow Agreement. Under these agreements, 10% of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. As of the date of these financial statements, 6,709,078 common shares remained in escrow.

b) Warrants

The Following is a summary of the changes in the Company's warrants during the periods:

	Number of Warrants	Weighted average exercise price
Outstanding warrants, April 30, 2023 and July 31, 2023	4,720,100	\$ 0.45

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

Exercise Price	Number of warrants	July 31, 2023	Exercise Price	Number of warrants	April 30, 2023	i
		Remaining contractual life (years)			Remaining contractual life (years)	
\$ 0.45	4,720,100	0.3	\$ 0.45	4,720,100	0.6	
\$ 0.45	4,720,100	0.3	\$ 0.45	4,720,100	0.6	

i On November 26, 2021, as part of the QT, the Company acquired 4,720,100 warrants from 1306043 BC Ltd.

c) Stock options

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

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

	Number of Warrants	Weighted average exercise price
Outstanding options, April 30, 2023 and July 31, 2023	2,733,250	\$ 0.28

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

Exercise Price	Number of options	July 31, 2023	Exercise Price	Number of options	April 30, 2023	i
		Remaining contractual life (years)			Remaining contractual life (years)	
\$ 0.18	433,250	1.7	\$ 0.18	433,250	1.9	
0.30	2,300,000	3.6	0.30	2,300,000	3.9	
\$ 0.28	2,733,250	3.3	\$ 0.28	2,733,250	3.6	

i The fair value of stock options granted in the year ended April 30, 2022 was estimated based on the Black-Scholes option pricing model using a share price of \$0.21, volatility of 90%, risk free interest rate of 1.70%, expected life of 5 years, and expected dividend yield of nil. The estimated fair value of the stock options of \$483,000 has been recognized as the share-based compensation during the year ended April 30, 2022.

6. Financial instruments and risk management

Fair value of financial instruments

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

The three levels of hierarchy are:

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

The Company's cash are classified as Level 1, whereas accounts receivable, and accounts payable and accrued liabilities are classified as Level 2. As at July 31, 2023, the Company believes that the carrying values of cash, accounts receivable, accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

Financial instruments risk

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

Credit risk

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

Liquidity risk

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

As at July 31, 2023, the Company's financial liabilities consist of its accounts payable and accrued liabilities, which are all current obligations.

Foreign currency risk

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

Capital management

The Company monitors its equity as capital.

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

7. Related party transactions

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

For the three months ended	July 31, 2023	July 31, 2022
Management fees paid to key management and directors	\$ 19,000	\$ 14,500
Capitalized consulting fees paid to key management	24,000	24,000
Investor relations fees paid to a director	33,000	33,000
Rent fees paid to a corporation controlled by key management	10,050	10,050
	<u>\$ 86,050</u>	<u>\$ 81,550</u>

8. Subsequent events

Subsequent to the period, the Company acquired the Kolos Copper-Gold property through staking for cash consideration of \$24,425. The mineral exploration property totals 13,957 hectares located in south central British Columbia.