TRENCH SOLUTIONS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

April 30, 2020 and 2019

(Unaudited – Prepared by Management)

(In Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements for Trench Solutions Inc. have been prepared by management in accordance with International Financial Reporting Standards. These financial statements, which are the responsibility of management are unaudited and have not been reviewed by the Company's auditors. The Company's Audit Committee and Board of Directors has reviewed and approved these interim financial statements.

The Company's independent auditor has not performed a review of these interim condensed financial statements in accordance with the disclosure requirements of National Instrument 51-102 released by the Canadian Securities Administrators.

TRENCH SOLUTIONS INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(In Canadian Dollars)

As at,

		April 30, 2020		October 31, 2019
Assets				
Current assets				
Cash and cash equivalents	**$**	**917,452**	$	964,759
GST receivable		**2,169**		3,108
Prepaid expenses		**17,096**		7,896
Total Assets	**$**	**936,717**	$	975,763
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**17,686**	$	45,161
Due to related parties (note 7)		**13,874**		1,450
Total Liabilities		**31,560**		46,611
Shareholders' Equity				
Share capital (note 5)		**3,628,426**		3,628,426
Warrants (note 5)		**529,370**		727,841
Contributed surplus		**1,007,699**		809,228
Deficit		**(4,260,338)**		(4,236,343)
Total Shareholders' Equity		**905,157**		929,152
Total Liabilities and Shareholders' Equity	**$**	**936,717**	$	975,763

Going Concern (Note 1)

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

Approved by the Board of Directors

Signed "Simon Cheng"
Director

Signed "Mark Ferguson"
Director

TRENCH SOLUTIONS INC.
CONDENSED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(In Canadian Dollars)

	Three months ended April 30, 2020	Three months ended April 30, 2019	Six months ended April 30, 2020	Six months ended April 30, 2019
Expenses				
Listing and filing fees	$ 12,228	$ 5,904	$ 21,135	$ 12,764
Management and consulting fees (note 7)	3,487	(523)	9,495	46,064
Office and general	397	10,186	2,088	22,400
Professional fees (note 7)	29,751	3,425	35,770	26,749
Travel	-	2,342	-	8,956
Net loss from operations	(45,863)	(21,334)	(68,488)	(116,933)
Foreign exchange	185	2,675	185	614
Extinguishment of accounts payable	-	28,682	44,308	28,682
Net income (loss) from continuing operations	(45,678)	10,023	(23,995)	(87,637)
Gain on disposal of subsidiaries	-	-	-	207,223
	-	-	-	207,223
Income (loss) and comprehensive income (loss)	$ (45,678)	$ 10,023	$ (23,995)	$ 119,586
Weighted average number of common shares outstanding – basic and diluted	12,022,045	3,794,746	12,022,045	3,794,746
Basic and fully diluted income (loss) earnings per share from continuing operations	$ (0.00)	$ 0.00	$ (0.00)	$ (0.02)
Basic and fully diluted income (loss earnings per share from discontinued operations	$ (0.00)	$ 0.00	$ (0.00)	$ 0.03

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

TRENCH SOLUTIONS INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(in Canadian Dollars)

	Number of shares	Number of warrants	Share capital	Warrants	Deficit	Contributed Surplus	Total
Balance – October 31, 2018	**3,794,745**	**317,529**	**$2,801,337**	**$ 184,441**	**$(4,178,922)**	**$ 809,228**	**$ (383,916)**
Net income for the period	-	-	-	-	119,586	-	119,586
Balance – April 30, 2019	**3,794,745**	**317,529**	**$2,801,337**	**$ 184,441**	**$(4,059,336)**	**$ 809,228**	**$ (264,330)**
Balance – October 31, 2019	**12,022,245**	**8,320,029**	**$3,628,426**	**$ 727,841**	**$(4,236,343)**	**$ 809,228**	**$ 929,152**
Warrants expired unexercised	-	(317,529)	-	(198,471)	-	198,471	-
Net loss for the period	-	-	-	-	(23,995)	-	(23,995)
Balance – April 30, 2020	**12,022,245**	**8,002,500**	**$3,628,426**	**$ 529,370**	**$(4,260,338)**	**$1,007,699**	**$ 905,157**

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

TRENCH SOLUTIONS INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOW
(in Canadian Dollars)
For the six months ended April 30,

		2020		2019
Cash used in operating activities				
Net income from continuing operations	**$**	**(23,995)**	$	119,586
Add (deduct) non-cash items				
Gain on disposal of subsidiaries		**-**		(207,223)
Extinguishment of accounts payable		**(44,308)**		-
Changes in non-cash working capital:				
Trade and GST receivables		**939**		(952)
Prepaid expenses		**(9,200)**		16,555
Accounts payable and accrued liabilities		**16,833**		(45,675)
Due to related parties		**12,424**		-
		(47,307)		(117,709)
Cash used in investing activities				
Cash relinquished on disposal of subsidiaries		**-**		(39,175)
		-		(39,175)
Cash provided by financing activities				
Proceeds from loans payable		**-**		151,140
		-		151,140
Change in cash and cash equivalents		**(47,307)**		(5,744)
Cash and cash equivalents, beginning		**964,759**		8,166
Cash and cash equivalents, end	**$**	**917,452**	$	2,422

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

1. NATURE OF BUSINESS

Nature of Business

Trench Solutions Inc (the "Company) was incorporated under the Business Corporations Act (Alberta) on July 31, 2012. Effective March 27, 2015, the Company's name was changed from Hombre Capital Inc ("Hombre") to Novateqni Corporation. Effective June 24, 2019, the Company's name was changed from Novateqni Corporation to Novateqni Technology Corporation. Effective December 11, 2019, the Company's name was changed to Trench Solutions Inc. and completed the continuation under the Business Corporations Act (British Columbia).

The Company is a publicly traded company with registered office of 2200 - 885 West Georgia Street, Vancouver, BC, V6C 3E8 and head office of 510 – 580 Hornby Street, Vancouver, BC, V6C 3B6. The Company's common shares are listed on the TSX Venture Exchange ("TSXV" or the "Exchange") under the symbol TSI and are also listed on the OTCQB under the symbol NVTQF.

The condensed interim financial statements were approved by the Board of Directors on June 26, 2020.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed interim financial statements for the period ended April 30, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), interpretations of the International Reporting Interpretation Committee ("IFRIC") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting in effect at the closing date of April 30, 2020. These condensed interim financial statements have been prepared using the same accounting policies and methods as were used for the Company's annual financial statements for the year ended October 31, 2019. These condensed interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended October 31, 2019.

Functional and presentation currency

The functional and presentation currency of the Company is Canadian dollars ("CDN dollars").

During the period ended April 30, 2020, the Company changed its presentation currency to CDN from US dollars ("USD"). This change in presentation currency was made to better reflect the Company's current activities. The Company applied the change to CDN presentation currency retrospectively and restated the comparative financial information as if the new presentation currency had always been the Company's presentation currency in accordance with the guidance in International Accounting Standard ("IAS") IAS 21 and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The condensed interim financial statements have been translated in accordance with IAS 21.

Significant accounting judgments and estimates

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued from previous page)

The key sources of these uncertainties that have a significant risk of causing material adjustment to the amounts recognized in the condensed interim financial statements are discussed below:

The Company makes allowance for doubtful accounts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgment to evaluate the adequacy of the allowance for doubtful receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

The Company measures the cost of non-cash stock-based compensation transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for non-cash stock-based compensation transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, risk free interest rate, forfeiture rate, volatility and dividend yield of the share option. The Company measures the cost of non-cash stock-based compensation transactions with consultants by reference to the fair value of the services to be performed.

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

A provision for warranties is recognized when the underlying products are sold. The amount recognized is the best estimate of the costs to be incurred during the warranty period based on historical warranty data and management estimate.

3. CHANGES IN ACCOUNTING POLICIES

Accounting Standards adopted during the period:

IFRS 16 – Leases. According to IFRS 16, all leases will be on the statement of financial position of lessees, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019. The Company adopted IFRS 16 at November 1, 2019 and the adoption did not impact the condensed interim financial statements as the Company is not party to any lease agreement.

4. LOANS PAYABLE

During the year ended October 31, 2019, the Company entered into unsecured loans with a third party for $499,934 that accrued interest at 10% per annum. During the year ended October 31, 2019, the Company repaid the loans and interest in full.

5. SHARE CAPITAL

(a) Capital

Authorized: unlimited Class A common shares

As at April 30, 2020, the Company had 12,022,245 shares issued and outstanding.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued from previous page)

During the year ended October 31, 2019:

- The Company issued 225,000 shares from the exercise of stock options for proceeds of $40,500; and
- The Company issued 8,002,500 units at a price $0.16 per unit for total proceeds of $1,280,400. Each unit consisted of one common share and one transferrable common share purchase warrant. Each warrant is exercisable to acquire one common share at a price of $0.21 per share for a period of thirty-six months from the date of issuance of the warrant. The fair value of the warrants is $543,400.

(b) Stock option plan

The Company adopted an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSXV requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase Class A Common Shares, provided that the number of Class A Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Class A Common Shares. Such options will be exercisable for a period of up to 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

During the period ended April 30, 2020, the Company did not grant any stock options.

During the year ended October 31, 2019, the Company granted 225,000 stock options at a weighted average exercise price of $0.18 per share and recorded share-based payments of $49,589.

A summary of the Company's stock option activity is as follows:

	Number of Stock Options		Weighted Average Exercise Price
Outstanding, October 31, 2018	**270,000**	**$**	**3.10**
Granted	225,000		0.18
Exercised	(225,000)		0.18
Forfeited	(270,000)		3.10
Outstanding October 31, 2019 and April 30, 2020	**-**	**$**	**-**

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period ended April 30, 2020 and the year ended October 31, 2019:

	Period ended April 30, 2020	**Year ended October 31, 2019**
Risk-fee interest rate	-	1.52%
Share price	-	$0.24
Expected life of options	-	3 years
Expected annualized volatility	-	207.13%
Expected dividend rate	-	-
Fair value per option	-	$0.22

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (continued from previous page)

(c) Warrants

In conjunction with a private placement that closed September 6, 2019, the Company issued 8,002,500 warrants. Each warrant can be exercised to acquire one common share at a price of $0.21 per share for a period of 36 months from the date of issuance of the warrants.

In conjunction with a private placement that closed February 8, 2018, the Company issued 317,529 warrants. Each warrant can be exercised to acquire one common share at a price of $2.30 per share for a period of 24 months from the date of issuance of the warrants. During the period ended April 30, 2020, the warrants expired unexercised.

A summary of the Company's warrant activity is as follows

	Number of Warrants	Weighted Average Exercise Price ($)	Total ($)
Outstanding, October 31, 2018	**317,529**	**2.30**	**198,471**
Issued pursuant to private placement of units	8,002,500	0.21	543,400
Outstanding, October 31, 2019	**8,320,029**	**0.29**	**741,871**
Expired	(317,529)	2.30	(198,471)
Outstanding April 30, 2020	**8,002,500**	**0.21**	**543,400**

The weighted average remaining contractual life and weighted average exercise price of warrants outstanding as at April 30, 2020 are as follows:

Number Outstanding	Weighted Average Exercise Price	Average Remaining Contractual Life (years)
8,002,500	$0.21	2.35

The fair value of the warrants issued during the period ended April 30, 2020 and the year ended October 31, 2019 was determined using the Black-Scholes model based on the following assumptions:

	Period ended April 30, 2020	**Year ended October 31, 2019**
Risk free interest rate	-	1.42%
Dividend yield	-	Nil
Forfeiture rate	-	0%
Stock price	-	$0.18
Expected stock volatility	-	130.20%
Weighted-average expected life (years)	-	3.0

6. FINANCIAL RISK FACTORS

The Company's risk exposure and the impact on its financial instruments are summarized below:

Credit Risk
Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment/contractual obligations. The Company has deposited the cash with reputable Canadian financial institutions, from which management believes the risk of loss is minimized. The Company continuously evaluates that financial condition and credit worthiness of all customers and potential customers in order to mitigate such risk. In the event that losses do occur, all impairments are recognized in income or loss.

Liquidity Risk
Liquidity risk management involves maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit lines. The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet liabilities when due. As at April 30, 2020, the Company has current assets of $936,717 (October 31, 2019 - $975,763) to settle current financial liabilities of $31,560 (October 31, 2019 - $46,611). Accounts payable and accrued liabilities generally have contractual maturities of 30 days and they are all current.

Interest Rate Risk
The Company's current policy is to invest excess cash in short term guaranteed investment certificates issued by its banking institutions. The Company monitors the investments it makes and is satisfied with the credit ratings of its banks. The risk the Company will realize a loss as a result of a decline in the fair value of short-term deposits is limited due to the short-term nature of these investments.

Foreign Exchange Risk
The Company raises its capital in Canadian dollars. The Company holds its cash mainly in Canadian dollars. The Company minimizes its exposure to foreign currency risk by minimizing the amount of funds in currencies other than the Canadian dollar. The Company does not undertake currency hedging activities. The Company continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

7. RELATED PARTY TRANSACTIONS

The remuneration expense of directors and other members of key management personnel, or companies under their control, during the period was as follows:

	2020	2019
Professional fees	**$ 9,726**	$ -
Consulting fees	**$ 9,495**	$ 46,064

As at April 30, 2020, the Company owed $13,874 (October 31, 2019 - $1,450) to directors of the Company for consulting fees and an accounting firm of which a director and officer of the Company is partner for professional fees.

i) During the year ended October 31, 2019 a former director of the Company provided loans through companies under his control totaling $207,515 for working capital which were repaid in full during the year ended October 31, 2019.

ii) During the year ended October 31, 2018, the former Chief Executive Officer/Director loaned the Company funds for operations. The amount due to the former Chief Executive Officer/Director on October 31, 2018 was $46,655. The loan was non-interest bearing and had no set repayment terms. During the year ended October 31, 2019 this amount was paid in full.

8. GEOGRAPHICAL SEGMENTED INFORMATION

All assets and liabilities of the Company are in Canada which is the geographical segment the company operates in.

9. CAPITAL DISCLOSURES

The Company's capital is composed of shareholders' equity. The Company manages its capital structure and makes adjustments to it based on the funds available in order to support the development of its technology-based solutions. In order to carry out the expansion of the Company's product lines and pay for administrative costs, the Company may spend its existing working capital and may raise additional amounts as needed. The Company is not subject to any externally imposed capital requirements.

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FOLOWS

During the period ended April 30, 2020, 317,529 warrants expired unexercised and $198,471 was transferred to contributed surplus.