

TORR METALS INC.

(formerly Duro Metals Inc.)

Consolidated Condensed Interim Financial Statements

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

Expressed in Canadian Dollars

To the shareholders of Torr Metals Inc:

The consolidated condensed interim financial statements of Torr Metals Inc. (the “Company”) for the three and nine months ended January 31, 2022 and 2021 have been compiled by management.

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

TORR METALS INC.

Consolidated Condensed Interim Statements of Financial Position

Expressed in Canadian Dollars

(unaudited)

As at	January 31 2022	April 30 2021
ASSETS		
Current		
Cash	\$ 3,439,261	\$ 256,625
Accounts receivable (note 3)	867	-
Goods and services tax receivable	39,068	633
Prepays and deposits	9,625	-
	3,488,821	257,258
Exploration and evaluation properties (note 3,4)	4,885,148	-
	\$ 8,373,969	\$ 257,258
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 90,646	\$ 14,444
Deferred flow-through liability (note 5)	131,183	-
	221,829	-
EQUITY		
Share capital (note 5)	8,446,767	394,302
Option and warrant reserve	77,558	70,200
Deficit	(372,185)	(221,688)
	8,152,140	242,814
	\$ 8,373,969	\$ 257,258

Nature of operations and going concern (Note 1)

Approved by the Board of Directors on April 1, 2022

Director (signed by) "Malcolm Dorsey"

Director (signed by) "John Williamson"

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

TORR METALS INC.

Consolidated Condensed Interim Statements of Loss and Comprehensive Loss

Expressed in Canadian Dollars

(unaudited)

For the	three months ended January 31		nine months ended January 31	
	2022	2021	2022	2021
Expenses				
Advertising	3,554	-	3,554	-
Management fees	40,667	-	40,667	-
Office and administration	19,847	3,174	26,692	10,234
Professional fees	52,882	4,938	71,023	10,975
Project evaluation (note 6)	(144,140)	-	-	-
Regulatory and filing fees	7,930	2,039	26,319	17,366
	19,260	(10,151)	(168,255)	(38,575)
Other				
Recovery of professional fees	-	-	-	20,000
Settlement of flow-through liability	12,974	-	12,974	-
Interest income	4,123	380	4,784	2,057
Comprehensive income (loss) for the period	\$ 36,357	\$ (9,771)	\$ (150,497)	\$ (16,518)
Basic and diluted income (loss) per common share	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ (0.00)
Basic and diluted weighted average number of common shares outstanding	24,250,414	4,333,466	10,924,165	4,333,466

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

TORR METALS INC.

Consolidated Condensed Interim Statements of Changes in Equity
Expressed in Canadian Dollars

(unaudited)

	Number of shares	Share capital	Option and warrant reserve	Deficit	Total equity
Balance at April 30, 2020	4,333,466	\$ 394,302	\$ 70,200	\$ (185,222)	\$ 279,280
Net loss	-	-	-	(16,518)	(16,518)
Balance at January 31, 2021	4,333,466	\$ 394,302	\$ 70,200	\$ (201,740)	\$ 262,762
Net loss	-	-	-	(19,948)	(19,948)
Balance at April 30, 2021	4,333,466	\$ 394,302	\$ 70,200	\$ (221,688)	\$ 242,814
Shares issued for cash	4,805,241	1,585,730	-	-	1,585,730
Shares issued for exploration and evaluation assets	22,506,867	6,752,060	-	-	6,752,060
Share issuance costs	-	(160,810)	-	-	(160,810)
Share issuance costs – non-cash	-	(20,858)	-	-	(20,858)
Flow-through premium liability	-	(144,157)	-	-	(144,157)
Warrants issued	-	-	20,858	-	20,858
Warrants exercised	185,720	40,500	(13,500)	-	27,000
Net loss	-	-	-	(150,497)	(150,497)
Balance at January 31, 2022	31,831,294	\$ 8,446,767	\$ 77,558	\$ (372,185)	\$ 8,152,140

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TORR METALS INC.

Consolidated Condensed Interim Statements of Cash Flows

Expressed in Canadian Dollars

(unaudited)

For the nine months ended	January 31 2022	January 31 2021
Cash provided by (used in):		
Operating activities		
Net loss for the period	\$ (150,497)	\$ (16,518)
Items not affecting cash:		
Settlement of flow-through liability	(12,974)	-
Changes in non-cash working capital:		
Goods and services tax receivable	(38,434)	417
Accounts receivable and prepayments	9,508	-
Accounts payable and accrued liabilities	(17,297)	(54,814)
Cash used in operating activities	(209,694)	(70,915)
Investing activities		
Cash acquired on acquisition (note 3)	2,618,289	-
Exploration and evaluation property acquisition expenditures (note 4)	(378,059)	-
Exploration and evaluation property exploration expenditures (note 4)	(299,821)	-
Cash provided by investing activities	1,940,409	-
Financing activities		
Proceeds from private placements	1,585,731	-
Proceeds from warrant exercises	27,000	-
Share issuance costs	(160,810)	-
Cash provided by financing activities	1,451,921	-
Net increase (decrease) in cash	3,182,636	(70,915)
Cash, beginning of period	256,625	332,922
Cash, end of period	\$ 3,439,261	\$ 262,007

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

TORR METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

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

Expressed in Canadian Dollars

(unaudited)

1. Nature of operations and going concern

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

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

While these consolidated condensed interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations for the foreseeable future, there are significant uncertainties related to certain adverse conditions and events that may cast doubt on the validity of this assumption. As at January 31, 2022, the Company had working capital of \$3,266,992 (April 30, 2021 - \$242,814) and an accumulated deficit of \$372,185 (April 30, 2021 - \$221,688). The Company anticipates that its cash resources will be sufficient to cover its projected funding requirements for the ensuing year.

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

2. Basis of presentation

Statement of compliance with International Financial Reporting Standards

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

These financial statements were authorized for issue by the Board of Directors of the Company on April 1, 2022.

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

TORR METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

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

Expressed in Canadian Dollars

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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.

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)	16,393

\$ 6,648,453

Assets acquired:

Cash	\$ 2,732,060
Other current assets	867
Mineral interest - Dalvenie and Hu properties (note 4)	4,049,190

6,782,117

Less: liabilities assumed:

Transaction costs	(113,771)
Accounts payable and accrued liabilities	(19,893)

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).

TORR METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

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

Expressed in Canadian Dollars

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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 3, 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.

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

	Acquisition	Exploration	Total
Balance, April 30, 2021	\$ -	\$ -	\$ -
Acquisition costs	4,425,465	-	4,425,465
Assay and analysis	-	150,080	150,080
Fieldwork Supplies	-	324	324
General and administrative	-	3,633	3,633
Geological consulting	133,750	97,412	231,162
Permits	-	276	276
Rentals	-	26,811	26,811
Staking	16,671	-	16,671
Travel and support	-	30,726	30,726
Balance, January 31, 2022	\$ 4,575,886	\$ 309,262	\$ 4,885,148

TORR METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

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

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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.

	Number of shares	Amount
Balance at April 30, 2021	4,333,466	\$ 394,302
Shares issued in private placements	4,805,241	1,585,730
Shares issued for property (note 3, 4)	22,506,867	6,752,060
Share issued upon exercise of warrants	185,720	40,500
Share issuance costs	-	(160,810)
Share issuance costs – non-cash	-	(40,228)
Flow-through premium liability	-	(144,157)
Balance at January 31, 2022	31,831,294	\$ 8,427,397

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.

Flow-through financing

Immediately following the amalgamation, the Company completed a flow-through financing by issuing 4,805,241 post-consolidated flow through shares at a price of \$0.33 per share for gross proceeds \$1,585,730 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 January 31, 2022, the Company has incurred \$149,545 of eligible exploration expenditures relating to these flow-through shares. As a result, the amount of \$12,974 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

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

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Notes to the Consolidated Condensed Interim Financial Statements

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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, 13,418,155 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, 2021	185,720	\$ 0.15
Issued	5,415,378	0.43
Exercised	(185,720)	0.15
Outstanding warrants, January 31, 2022	5,415,378	\$ 0.43

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

Exercise Price	Number of warrants	January 31, 2022 Remaining contractual life (years)	Exercise Price	Number of warrants	April 30, 2021 Remaining contractual life (years)
\$ -	-	-	\$ 0.15	185,720	0.7
0.45	4,720,100	1.8	-	-	-
0.33	148,852	0.8	-	-	-
0.30	546,426	0.8	-	-	-
\$ 0.43	5,415,378	1.7	\$ 0.15	185,720	0.7

i On November 26, 2021, the Company issued 148,852 warrants to agents pursuant to the flow-through private placement as compensation for services provided by the agents. The estimated fair value of the agents' warrants of \$4,465, or \$0.03 per agents' warrant, has been recorded as a decrease to share capital as a cost of share issuance and an increase to option and warrant reserve, and was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price \$0.33; expected life, 1 year; expected volatility, 24%; risk free rate, 0.93%; expected dividends, 0%.

ii On November 26, 2021, the Company acquired 546,426 warrants from 1306043 BC Ltd. with an estimated fair value of the agents' warrants of \$16,393, or \$0.03 per agents' warrant, has been recorded as a decrease to share capital as a cost of share issuance and an increase to option and warrant reserve, and was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price \$0.30; expected life, 1 years; expected volatility, 24%; risk free rate, 0.93%; expected dividends, 0%.

TORR METALS INC.

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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 options	Weighted average exercise price
Outstanding options, April 30, 2021 and January 31, 2022	433,250	\$ 0.18

Subsequent to the period, the Company granted 2,300,000 stock options to various directors, officers, and consultants under the Company's stock option plan. The stock options may be exercised at a price of \$0.30 per share for a period of five years from the date of grant.

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 and cash equivalents are classified as Level 1, whereas accounts receivable and prepayments, and accounts payable and accrued liabilities are classified as Level 2. As at January 31, 2022, the Company believes that the carrying values of cash, accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

Financial instruments risk

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

Credit risk

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

TORR METALS INC.

Notes to the Consolidated Condensed Interim Financial Statements

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

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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 January 31, 2022, 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 investor'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 nine months ended	January 31 2022	January 31 2021
Management fees paid to key management and directors	\$ 24,667	\$ -
Capitalized consulting fees paid to key management	12,000	-
Investor relations fees paid to a director	16,000	-
	<u>\$ 52,667</u>	<u>\$ -</u>

As at January 31, 2022, \$16,800 (2021 – nil) was payable to corporations controlled by key management personnel and is included in accounts payable and accrued liabilities in the financial statements. Such amounts are unsecured, non-interest bearing and will be paid under normal trade terms.