



(An exploration stage company)

**Torq Resources Inc.**

Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022

(Expressed in Canadian dollars - Unaudited)

**TORQ RESOURCES INC.**

Condensed Consolidated Interim Statements of Financial Position  
(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

Notes	September 30, 2022	December 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 15,781,694	\$ 1,899,324
Accounts receivable	30,623	150,258
Prepaid expenses and deposits	413,507	664,433
	<b>16,225,824</b>	<b>2,714,015</b>
<b>Non-current assets</b>		
Equity investment	10 106,957	-
Equipment	3 372,538	383,270
Mineral property interests	4 1,620,063	888,198
<b>Total assets</b>	<b>\$ 18,325,382</b>	<b>\$ 3,985,483</b>
<b>Liabilities and Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,534,065	\$ 676,536
	<b>1,534,065</b>	<b>676,536</b>
<b>Non-current liabilities</b>		
Loan facility	7 1,531,402	-
<b>Total Liabilities</b>	<b>\$ 3,065,467</b>	<b>676,536</b>
<b>Equity</b>		
Share capital	8 68,160,093	49,124,432
Shares to be issued	8(c) 70,862	99,031
Share option and warrant reserve	9 10,505,242	9,284,921
Accumulated other comprehensive loss	40,300	(52,263)
Deficit	(63,516,582)	(55,147,174)
<b>Total equity</b>	<b>15,259,915</b>	<b>3,308,947</b>
<b>Total liabilities and equity</b>	<b>\$ 18,325,382</b>	<b>\$ 3,985,483</b>

Going concern (Note 1 (c)); Commitment (Note 10)

Approved on behalf of the Board of Directors:

"Shawn Wallace"

Chief Executive Officer, and Chair

"Jeffrey Mason"

Director

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

**TORQ RESOURCES INC.**

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

	Notes	Three months ended		Nine months ended	
		2022	September 30, 2021	2022	September 30, 2021
<b>Operating expenses</b>					
Exploration and evaluation	5	\$ 2,115,663	\$ 640,617	\$ 5,048,587	\$ 1,382,158
Fees, salaries and other employee benefits		542,794	390,522	1,465,092	1,080,030
Legal and professional		49,833	106,471	192,628	247,214
Marketing and investor relations		399,539	207,662	982,767	880,374
Office and administration		164,808	183,019	512,013	545,270
Regulatory, transfer agent		11,490	15,471	48,502	45,056
Project investigation	6	70,808	17,191	173,143	283,056
		<b>3,354,935</b>	<b>1,560,953</b>	<b>8,422,732</b>	<b>4,463,158</b>
<b>Other expenses (income)</b>					
Net loss from equity investment	10	9,209	-	44,043	-
Interest and other income		(41,849)	(6,523)	(58,485)	(35,148)
Interest expense		76,556	-	76,556	-
Foreign exchange (gain) loss		(182,219)	57,824	(115,438)	108,228
		<b>(138,303)</b>	<b>51,301</b>	<b>(53,324)</b>	<b>73,080</b>
<b>Net loss for the period</b>		<b>\$ 3,216,632</b>	<b>\$ 1,612,254</b>	<b>\$ 8,369,408</b>	<b>\$ 4,536,238</b>
<b>Other comprehensive (gain) loss</b>					
Unrealized currency (gain) loss on translation of foreign operations		(53,946)	14,620	(92,563)	30,281
<b>Total comprehensive loss for the period</b>		<b>\$ 3,162,686</b>	<b>\$ 1,626,874</b>	<b>\$ 8,276,845</b>	<b>\$ 4,566,519</b>
Basic and diluted loss per share		\$ 0.04	\$ 0.02	\$ 0.10	\$ 0.06
Basic and diluted weighted average number of shares		87,136,133	77,495,387	83,857,801	77,449,636

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

## TORQ RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Equity  
(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

	Notes	Number of common shares	Share capital	Share option and warrant reserve	Shares to be issued	Accumulated other comprehensive loss	Deficit	Total equity
Balance, December 31, 2020		77,359,164	\$ 49,003,385	\$ 8,558,963	\$ -	\$ (1,347)	\$ (48,669,070)	\$ 8,891,931
Share options exercised		75,000	60,109	(17,809)	-	-	-	42,300
Share-based compensation		-	-	538,161	-	-	-	538,161
Shares issued as finders' fee		81,250	60,938	-	-	-	-	60,938
Shares to be issued for finders' fee		-	-	-	99,031	-	-	99,031
Other comprehensive loss for the period		-	-	-	-	(30,281)	-	(30,281)
Net loss for the period		-	-	-	-	-	(4,536,238)	(4,536,238)
Balance, September 30, 2021		77,515,414	\$ 49,124,432	\$ 9,079,315	\$ 99,031	\$ (31,628)	\$ (53,205,308)	\$ 5,065,842
<b>Balance, December 31, 2021</b>		<b>77,515,414</b>	<b>\$ 49,124,432</b>	<b>\$ 9,284,921</b>	<b>\$ 99,031</b>	<b>\$ (52,263)</b>	<b>\$ (55,147,174)</b>	<b>\$ 3,308,947</b>
Shares and share purchase warrants issued pursuant to offering, net of share issue costs	7,8(b)	22,033,400	19,007,492	812,792	-	-	-	19,820,284
Share-based compensation	9	-	-	407,529	-	-	-	407,529
Shares to be issued for finders' fee	8(c)	141,667	28,169	-	(28,169)	-	-	-
Other comprehensive loss for the period		-	-	-	-	92,563	-	92,563
Net loss for the period		-	-	-	-	-	(8,369,408)	(8,369,408)
<b>Balance, September 30, 2022</b>		<b>99,690,481</b>	<b>\$ 68,160,093</b>	<b>\$ 10,505,242</b>	<b>\$ 70,862</b>	<b>\$ 40,300</b>	<b>\$ (63,516,582)</b>	<b>\$ 15,259,915</b>

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

# TORQ RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

	Notes	Three months ended		Nine months ended	
		2022	September 30, 2021	2022	September 30, 2021
<b>Operating activities</b>					
Net loss for the period		\$ (3,216,632)	\$ (1,612,254)	\$ (8,369,408)	\$ (4,536,238)
Non-cash transactions:					
Share-based compensation	9 (a)	160,370	172,992	407,529	538,161
Depreciation and loss on disposals	3	90,818	29,357	129,939	29,357
Unrealized foreign exchange (gain) loss		(48,450)	(39,963)	1,091	(14,660)
Interest and other income		(41,849)	(6,523)	(58,485)	(35,148)
Net loss from equity investment	10	9,209	-	44,043	-
Interest expense	7	76,556	-	76,556	-
Changes in non-cash working capital:					
Accounts receivable		7,503	(83,252)	121,130	(124,049)
Prepaid expenses and deposits		80,237	(59,353)	101,952	(419,284)
Accounts payable and accrued liabilities		633,580	(117,556)	850,492	260,840
<b>Cash used in operating activities</b>		<b>(2,248,658)</b>	<b>(1,716,552)</b>	<b>(6,695,161)</b>	<b>(4,301,021)</b>
<b>Investing activities</b>					
Mineral properties interests	4	(421,723)	(199,748)	(652,213)	(391,786)
Purchase of equipment	3	-	(217,409)	(45,659)	(415,164)
Acquisition of equity investment	10	-	-	(1,000)	-
Interest and other income received		41,849	6,523	58,485	35,148
Deferred acquisition costs		-	(95,478)	-	(119,592)
<b>Cash used in investing activities</b>		<b>(379,874)</b>	<b>(506,112)</b>	<b>(640,387)</b>	<b>(891,394)</b>
<b>Financing activities</b>					
Proceeds from the exercise of share options		-	12,500	-	42,300
Proceeds from the issuance of shares and share purchase warrants	8(b)	-	-	5,044,875	-
Proceeds from loan and credit facility, net of arrangement fee and costs	7	1,951,968	-	1,951,968	-
Proceeds from issue of shares to Gold Fields Limited, net of costs	8(b)	14,314,287	-	14,314,287	-
Interest costs	7	(36,000)	-	(36,000)	-
<b>Cash provided by financing activities</b>		<b>16,230,255</b>	<b>12,500</b>	<b>21,275,130</b>	<b>42,300</b>
Effect of foreign exchange rate changes on cash		(22,857)	23,998	(57,212)	(14,106)
Increase (decrease) in cash		13,578,866	(2,186,166)	13,882,370	(5,164,221)
Cash, beginning of the period		2,202,828	5,770,018	1,899,324	8,748,073
<b>Cash, end of the period</b>		<b>\$ 15,781,694</b>	<b>\$ 3,583,852</b>	<b>\$ 15,781,694</b>	<b>\$ 3,583,852</b>

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

# TORQ RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)  
Three and nine months ended September 30, 2022 and 2021

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## NOTE 1 – BUSINESS OVERVIEW

### (a) Corporate information

Torq Resources Inc. (the “Company” or “Torq”) is incorporated under the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange (the “Exchange”) as a Tier 2 mining issuer. The Company’s shares trade under the symbol TORQ.V in Canada and on the OTCQX under the US symbol TRBMF. The head office and principal address of Torq is located at 1177 West Hastings Street, Suite 1630, Vancouver, British Columbia, Canada, V6E 2K3.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on November 11, 2022.

### (b) Nature of operations

The Company is principally engaged in the acquisition and exploration of mineral property interests with a focus in the Americas, particularly Chile.

### (c) Going concern

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern. As at September 30, 2022, the Company has net working capital of \$14,691,759 while it incurred a loss of \$8,369,408 for the nine months ended September 30, 2022. The Company has incurred operating losses to date and does not generate operating revenue to support its activities. With no source of operating cash flows, there is no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. The Company has had success raising capital in the past, on March 18, 2022, the Company announced the completion of a non-brokered private placement for gross proceeds of \$5,275,050. On July 11, 2022, the Company announced that it finalized a \$3 million credit facility (Note 7) and on September 15, 2022, the Company announced that it closed a \$15 million non-brokered private placement with Gold Fields Limited (“Gold Fields”) (Note 8(b)). However, the ability to continue as a going concern remains dependent upon Torq’s capacity to obtain the financing necessary to continue to fund its mineral properties, including two active exploration projects, the realization of future profitable production, proceeds from the disposition of its mineral interests, and/or other sources. These conditions create a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations.

These condensed consolidated interim financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

### (d) Response to COVID-19

The situation in Canada and Chile with respect to the management of COVID-19 remains fluid and permitted activities are subject to change; the Company is continually reviewing the situation along with provincial and government guidelines and allowing work to be undertaken as long as it is confident that its employees and communities are safe to do so.

While remaining compliant with the restrictions arising from the ongoing management of the pandemic, the Company was able to achieve its planned goals during the nine months ended September 30, 2022. As the situation surrounding COVID-19 continues to develop, albeit to a lesser extent, the Company will continue to monitor the situation closely and respond appropriately.

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Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)  
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## NOTE 2 – BASIS OF PRESENTATION

### (a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in Note 3 of the Company’s most recent audited consolidated financial statements for the year ended December 31, 2021, except for the following:

#### Equity investment

The Company conducts a portion of its business through equity interest in an associate. An associate is an entity over which the Company has significant influence and is neither a subsidiary nor a joint venture. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policy decisions.

The Company accounts for its investment in associate using the equity method. Under the equity method, the Company’s investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company’s share of earnings and losses of the associate, after any adjustments necessary to give effect to uniform accounting policies, and for impairment losses after the initial recognition date. The Company’s share of an associate’s losses that are in excess of its investment are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company’s share of earnings and losses of its associate are recognized in net loss during the period.

These condensed consolidated interim financial statements (the “financial statements”) should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2021.

### (b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis.

### (c) Basis of preparation and consolidation

Subsidiaries are consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company’s returns.

The Company’s functional currency is the Canadian dollar (“CAD”, “C\$”), which is also the Company’s presentation currency. These condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise noted. Amounts denominated in United States dollars (“USD”) are denoted as US\$.

The condensed consolidated interim financial statements include the financial statements of the Company, and the following 100% beneficially owned subsidiaries:

<b>Subsidiary (in USD functional currency)</b>	<b>Place of incorporation</b>
Torq Resources Chile SpA	Chile
Minera Margarita SpA	Chile
Minera Andrea SpA	Chile
Minera Santa SpA	Chile
Candelaria Minerals S.A.C	Peru

Candelaria Minerals S.A.C. is a dormant entity in the process of being dissolved. During the nine month period ended September 30, 2022, the Company dissolved Stratton Resources (Canada) Inc. and Torq Resources Holding Inc. which

# TORQ RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements  
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were also dormant entities. On April 1, 2022, the Company acquired a 25% interest in Universal Mineral Services Ltd (“UMS Canada”) a shared-service provider, as discussed in Note 10.

Intercompany balances and transactions have been eliminated on consolidation.

## (d) Critical accounting judgments and estimates

The preparation of the financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the condensed consolidated interim financial statements. Estimates are continuously evaluated and are based on management’s experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. The Company’s critical accounting judgements and estimates were presented in Note 2 of the audited consolidated financial statements for the years ended December 31, 2021 and 2020, and have been consistently applied in the preparation of these condensed consolidated interim financial statements. No new estimates and judgements were applied for the period ended September 30, 2022.

## NOTE 3 – EQUIPMENT

<b>Balance as at December 31, 2020</b>	<b>\$ -</b>
Additions	415,529
Depreciation	(32,723)
Foreign currency translation	464
<b>Balance as at December 31, 2021</b>	<b>383,270</b>
Additions	45,659
Depreciation, disposals	(129,939)
Foreign currency translation	73,548
<b>Balance as at September 30, 2022</b>	<b>\$ 372,538</b>

## NOTE 4 – MINERAL PROPERTY INTERESTS

The Company’s mineral property interests are composed of the following:

	<b>Margarita Project</b>	<b>Andrea Project</b>	<b>Santa Cecilia Project</b>	<b>Total</b>
As at December 31, 2020	\$ -	\$ -	\$ -	\$ -
Finder’s Fees shares	159,969	-	-	159,969
Additions	293,537	164,745	265,286	723,568
Foreign currency translation	380	1,081	3,200	4,661
<b>As at December 31, 2021</b>	<b>\$ 453,886</b>	<b>\$ 165,826</b>	<b>\$ 268,486</b>	<b>\$ 888,198</b>
<b>Additions</b>	<b>481,276</b>	<b>170,937</b>	<b>-</b>	<b>652,213</b>
<b>Foreign currency translation</b>	<b>44,450</b>	<b>24,912</b>	<b>10,290</b>	<b>79,652</b>
<b>As at September 30, 2022</b>	<b>\$ 979,612</b>	<b>\$ 361,675</b>	<b>\$ 278,776</b>	<b>\$ 1,620,063</b>

### (a) Margarita project

On March 8, 2021, the Company announced it had acquired the option to earn a 100% interest in the Margarita iron-oxide-copper-gold project (the “Margarita Project”) located in Chile, 65 kilometres (“km”) north of the city of Copiapo. The Company acquired the rights that constitute the Margarita Project through two option agreements: the Margarita claims and the La Cototuda claim, a small-scale mining company.

Pursuant to the Margarita Project option arrangement, the Company incurred finder’s fees requiring the issuance of 466,667 common shares of the Company (the “Finder’s Fee Shares”) in separate tranches as follows: 81,250 shares were issued on April 7, 2021; 141,667 shares were issued on March 31, 2022; and the final 243,750 shares are to be issued on March 31, 2023. These Finder’s Fee Shares have been recognized at a total \$159,969 fair value within equity. Fair value of the Finder’s Fee Shares was determined with the first tranche of 81,250 shares having a \$60,938 fair value (\$0.75 per share market price



## TORQ RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements  
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on the date of the Margarita Project agreement as the shares were issued within 30 days of the agreement). The fair value of the remaining 385,417 shares was measured using the Black Scholes pricing model.

During the second quarter of 2022, the Company acquired the concession rights for two strategic parcels of land adjacent to the project.

### Margarita Claims

Under the option agreement, the Company can acquire a 100% interest in the Margarita claims by making cash payments totaling US\$6,200,000 over 66 months. The Company is also required to incur work expenditures totaling US\$3,050,000 within 30 months of the signing date of the definitive agreement (February 22, 2021), to which approximately US\$3.3 million of eligible work expenditures had been incurred as at September 30, 2022.

		<b>Cash payments (US\$)</b>	<b>Work expenditures requirement (US\$)</b>
April 20, 2021 (paid C\$62,445)	\$	50,000	\$ -
August 22, 2021 (paid C\$64,280 and work requirements met)		50,000	400,000
August 22, 2022 (paid C\$129,890 and work requirements met)		100,000	1,150,000
August 22, 2023		300,000	1,500,000
August 22, 2024		1,200,000	-
August 22, 2025		2,000,000	-
August 22, 2026		2,500,000	-
	\$	<b>6,200,000</b>	\$ <b>3,050,000</b>

The Margarita claims are subject to a net smelter return (“NSR”) royalty of 1.0% with 50% (being 0.5%) which can be repurchased by the Company, at the Company’s discretion, for US\$2,000,000.

### La Cototuda Claim

Under the La Cototuda option agreement, the Company can acquire a 100% interest in the La Cototuda claim by making cash payments totaling US\$900,000 over 36 months as follows:

		<b>Cash payments (US\$)</b>
February 23, 2021 (paid C\$63,065)	\$	50,000
February 23, 2022 (paid C\$31,745)		25,000
August 23, 2022 (paid C\$291,083)		225,000
October 23, 2023		250,000
February 23, 2024		350,000
	\$	<b>900,000</b>

The schedule of the La Cototuda option payments were amended during the first quarter of 2022, and the table above shows the costs necessary to maintain the option agreement as agreed at the date of these condensed consolidated interim financial statements.

Certain legal claims have arisen regarding the mineral exploration rights over a non-material section (approximately 10 meters wide) at the edge of the Margarita southern property, comprised of four opposition filings. While the outcome of these legal claims is uncertain, management has reviewed the situation and believes the claims have no merit.

### (b) Andrea project

On May 25, 2021, the Company announced it had acquired the option to earn a 100% interest in the Andrea copper porphyry project (the “Andrea Project”) located in northern Chile, 100 km east of the city of La Serena. The Company acquired the rights that constitute the Andrea project through three option agreements.

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Under the option agreements the Company can acquire a 100% interest in Andrea, subject to NSR, through cash payments as follows:

	<b>Cash payments (US\$)</b>
July 23, 2021 (paid C\$132,038)	\$ 105,000
May 24, 2022 (paid C\$170,937)	135,000
May 24, 2023	185,000
May 24, 2024	300,000
May 24, 2025	1,000,000
May 24, 2026	4,275,000
	<b>\$ 6,000,000</b>

The Andrea Project option agreements include an NSR of 1.5%, which can be repurchased by the Company, at the Company's discretion, for US\$3,000,000.

### (c) Santa Cecilia project

On October 21, 2021, the Company announced that it had acquired an option to earn a 100% interest in the 3,250-hectare Santa Cecilia gold-copper project, ("Santa Cecilia"), located approximately 100 km east of the city of Copiapo in Northern Chile. The project is in the southern region of the world-class Maricunga belt and immediately north of the El Indio belt.

Under the option agreement the Company can acquire 100% interest in the project, through cash payments as follows:

	<b>Cash payments (US\$)</b>
October 21, 2021 (paid C\$123,580)	\$ 100,000
October 21, 2022 (paid subsequent to the period end)	300,000
October 21, 2024	600,000
October 21, 2025	1,000,000
October 21, 2026	3,000,000
October 21, 2027	5,000,000
October 21, 2028	15,000,000
	<b>\$ 25,000,000</b>

In order to maintain the option agreement, the Company needs to complete the following work expenditures, which are scheduled from the date the Company obtains the necessary permits, which includes both drill permits and social license from indigenous communities located in the area of interest, to start its exploration campaigns. The option agreement also includes the requirement to achieve 25,000 m of drilling during the exploration campaign.

Within 12, 24 and 36 months from achieving permits, which occurred on October 21, 2022:	<b>Work Expenditures Requirements (US\$)</b>
October 21, 2023	\$ 3,000,000
October 21, 2024	4,500,000
October 21, 2025	8,000,000
	<b>\$ 15,500,000</b>

The option agreement includes an NSR of 3%, half of which is buyable once the option is executed for a price that will be based on the fair value of the project, determined by mutual agreement between the parties.

Subsequent to the nine month period ended September 30, 2022, the Company paid on time the option cash payment due by October 21, 2022, and agreed with the optionor that the date of obtaining necessary permits for exploration had been achieved on October 21, 2022, and any exploration expenditure incurred prior to that date could be included in the work expenditure

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Notes to the Condensed Consolidated Interim Financial Statements  
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requirements for the period ended October 21, 2023. The Company has incurred approximately US\$560,000 of eligible work expenditures up to September 30, 2022.

## NOTE 5 – EXPLORATION AND EVALUATION

For the three and nine months ended September 30, 2022, the Company's exploration and evaluation costs were as follows:

<b>Margarita Project</b>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Drilling	\$ 579,114	\$ -	\$ 1,352,879	\$ -
Geological consulting, salaries and wages	368,862	198,439	924,423	578,765
Geophysics, sampling and assays	224,037	256,524	378,602	468,497
Project support	198,247	9,366	575,602	21,605
Travel, meals and accommodation	100,212	37,366	211,764	53,875
Environmental, permitting and concessions	2,495	11,758	14,950	34,996
Equipment, vehicles, rent and field supplies	70,371	8,291	81,972	12,684
Share-based compensation	44,621	32,274	71,301	114,169
<b>Total</b>	<b>\$ 1,587,959</b>	<b>\$ 554,018</b>	<b>\$ 3,611,493</b>	<b>\$ 1,284,591</b>

  

<b>Andrea Project</b>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Geological consulting, salaries and wages	\$ 53,962	\$ 75,185	\$ 241,608	\$ 75,185
Geophysics, sampling and assays	2,021	-	8,354	-
Project support	8,351	-	67,574	-
Travel, meals and accommodation	321	3,445	19,359	3,445
Environmental, permitting and concessions	-	5,450	15,128	8,740
Equipment, vehicles, rent and field supplies	17,290	653	20,130	653
Share-based compensation	7,784	1,866	14,829	9,544
<b>Total</b>	<b>\$ 89,729</b>	<b>\$ 86,599</b>	<b>\$ 386,982</b>	<b>\$ 97,567</b>

  

<b>Santa Cecilia Project</b>	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Geological consulting, salaries and wages	\$ 132,072	\$ -	\$ 521,564	\$ -
Geophysics, sampling and assays	8,716	-	25,742	-
Project support	57,835	-	119,490	-
Travel, meals and accommodation	25,048	-	41,022	-
Environmental, permitting and concessions	3,386	-	54,236	-
Equipment, vehicles, rent and field supplies	22,809	-	28,279	-
Share-based compensation	13,334	-	22,894	-
Community relations	174,775	-	236,885	-
<b>Total</b>	<b>\$ 437,975</b>	<b>\$ -</b>	<b>\$ 1,050,112</b>	<b>\$ -</b>

## TORQ RESOURCES INC.

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### NOTE 6 – PROJECT INVESTIGATION

For the three and nine months ended September 30, 2022, the Company's project investigation costs were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Geological consulting, salaries and wages	\$ 64,281	\$ 6,692	\$ 161,462	\$ 216,070
Project support	4,647	474	9,282	9,200
Share-based compensation	1,880	10,025	2,399	46,475
Environmental, permitting and concessions	-	-	-	9,062
Equipment, vehicles, rent and field supplies	-	-	-	2,249
<b>Total</b>	<b>\$ 70,808</b>	<b>\$ 17,191</b>	<b>\$ 173,143</b>	<b>\$ 283,056</b>

### NOTE 7 – LOAN FACILITY

On July 11, 2022, the Company announced that it had finalized a \$3 million two-year loan facility (the "Loan Facility") whereby \$2 million was advanced to the Company immediately on execution with the remaining \$1 million available to draw down for a period of two years. Amounts drawn under the facility are subject to a 9% annual interest rate. In consideration for the grant of the facility, the Company issued to the lender, 191010 Investments Limited, an entity which is affiliated with a current shareholder, 3,333,333 share purchase warrants exercisable at C\$0.60 per common share for a two-year period based on the initial \$2 million advance. Additional warrants for 100% coverage will be issued at the time of any future draw down(s) of the remaining \$1 million with warrants priced at the market price at the time. On July 19, 2022, the Company drew down the initial \$2 million and no subsequent draws have taken place.

The Loan Facility, comprising two components: the loan (a financial liability) and the share purchase warrants (an equity instrument), was assessed to be separate financial instruments. The costs of the Loan Facility were evaluated and allocated to the financial liability and equity instruments separately as follows:

	Loan facility	Costs allocation	Loan facility (Net of costs)
Financial liability (loan)	\$ 1,527,531	\$ (36,685)	\$ 1,490,846
Equity instrument (share purchase warrants)	472,469	(11,347)	461,122
<b>Total</b>	<b>\$ 2,000,000</b>	<b>\$ (48,032)</b>	<b>\$ 1,951,968</b>

The initial carrying amount of the financial liability (loan) was determined by discounting the estimated stream of future payments of interest and principal at an ascribed interest rate of 25.5%.

The initial carrying amount of the equity instrument (the share purchase warrants) was established using the fair value approach, which takes the difference between the principal amount received from the Loan Facility (\$2,000,000) less the fair value of the loan. The value of the share purchase warrants is recorded within reserves on the statement of financial position.

The carrying value of the loan will be accreted using the effective interest rate method over the term of the facility, such that the carrying amount of the financial liability will equal the principal balance at maturity. The effective interest rate is estimated at 28.5%.

During the three months ended September 30, 2022, the Company has incurred an interest expense in respect of the loan totaling \$76,556 of which \$36,000 has been paid in cash.

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## NOTE 8 – SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) Common share issuances

During the three and nine months ended September 30, 2022, the Company issued 141,667 common shares with a \$28,169 fair value, pursuant to the Margarita Project finder's fee agreement (Note 4 (a)).

On March 18, 2022, the Company closed a non-brokered private placement of 7,033,400 units at a price of \$0.75 per unit for gross proceeds of \$5,275,050. Each unit consists of a common share and a three-year share purchase warrant, exercisable at \$1.10. Share issuance costs including customary referral fees which totaled \$230,175.

<b>March 2022 Private placement</b>	
Gross proceeds	\$ 5,275,050
Share issuance costs	(230,175)
Net proceeds	5,044,875
Warrants	(351,670)
<b>Impact on share capital</b>	<b>\$ 4,693,205</b>

The Company applied the residual value approach to allocate the proceeds received from the unit offering to their respective components (shares and warrants). Using this approach, the Company attributed a residual value of \$351,670 to the warrants issued.

On September 6, 2022, the Company announced a C\$15 million non-brokered private placement with a wholly owned affiliate of NYSE listed international gold mining company, Gold Fields, at a purchase price of C\$1.00 per common share. The Company issued 15,000,000 common shares on September 15, 2022. Torq and Gold Fields have signed an investment agreement that, amongst other things:

- Entitles Gold Fields to a pre-emptive right to maintain its share ownership percentage, subject to certain conditions,
- Subjects Gold Fields to a customary share purchase standstill regarding increasing its position without approval from the Company, apart from customary release conditions such as a third-party bid or similar transaction,
- Creates an advisory technical committee of which Gold Fields will be and is now a member,
- Binds Gold Fields to a voluntary one-year share hold period and customary limits on share resales thereafter, and
- Contains certain limited share voting restrictions on Gold Fields 'shares.

Torq will primarily use the net proceeds for drilling at its Santa Cecilia project, as well as for drilling at the Company's Margarita project. The total cost of issuing the shares was \$685,713 which has been recognized within share capital.

(c) Shares to be issued

As discussed in Note 4(a), in 2021 the Company incurred finder's fees requiring issuance of 466,667 common shares of the Company in relation to the Margarita Project option agreement. These shares are to be issued in three tranches; on April 7, 2021, 81,250 shares were issued, on March 31, 2022, 141,667 shares were issued with \$28,169 reclassified from shares to be issued to share capital. The remaining 243,750 shares are to be issued to the finders in one further tranche in March 2023.

## NOTE 9 – SHARE OPTION AND WARRANT RESERVE

(a) Share-based options

The Company maintains a Rolling Share-based Option Plan providing for the issuance of share purchase options up to 10% of the Company's issued and outstanding common shares. The Company may grant from time to time share options to its directors, officers, employees and other service providers. The share options typically vest 25% on the date of the grant and 12½% every three months thereafter for a total vesting period of 18 months.

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The continuity of the number of share options issued and outstanding is as follows:

	Number of share options	Weighted average exercise price
Outstanding, December 31, 2020	6,846,875	\$ 0.81
Granted	2,420,000	0.80
Exercised	(75,000)	0.56
Expired	(1,384,375)	0.85
Forfeited	(62,500)	0.77
Outstanding, December 31, 2021	<b>7,745,000</b>	<b>0.80</b>
Granted	<b>700,000</b>	<b>0.65</b>
Forfeited	<b>(41,875)</b>	<b>0.86</b>
Cancelled/Expired	<b>(620,625)</b>	<b>0.85</b>
<b>Outstanding, September 30, 2022</b>	<b>7,782,500</b>	<b>\$ 0.78</b>

As at September 30, 2022, the number of share options outstanding and exercisable was as follows:

Expiry date	Outstanding			Exercisable		
	Number of share options	Exercise price	Remaining contractual life (years)	Number of share options	Exercise price	Remaining contractual life (years)
Aug 30, 2022*	3,900,000	\$ 0.85	(0.08)	3,900,000	\$ 0.85	(0.08)
Sep 21, 2023	125,000	0.50	0.98	125,000	0.50	0.98
Apr 1, 2024	250,000	0.50	1.50	250,000	0.50	1.50
May 25, 2025	400,000	0.58	2.65	400,000	0.58	2.65
Jun 25, 2025	150,000	0.66	2.74	150,000	0.66	2.74
Apr 7, 2026	1,355,000	0.77	3.52	1,185,625	0.77	3.52
Sep 3, 2026	375,000	0.82	3.93	281,250	0.82	3.93
Nov 24, 2026	535,000	0.86	4.15	334,375	0.86	4.15
Jul 19, 2027	692,500	0.65	4.80	175,000	0.65	4.80
	<b>7,782,500</b>	<b>\$ 0.78</b>	<b>1.73</b>	<b>6,801,250</b>	<b>\$ 0.79</b>	<b>1.34</b>

\* Expiry extended during current drilling program, which is expected to complete (including assays) in the fourth quarter of 2022

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees and others providing similar services. During the three and nine months ended September 30, 2022, and 2021 the Company recognized share-based compensation expense as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Included in:				
Exploration and evaluation	\$ 65,739	\$ 34,140	\$ 109,023	\$ 123,713
Fees, salaries and other employee benefits	88,672	128,827	274,311	367,973
Marketing and investor relations	4,079	-	21,796	-
Project investigation	1,880	10,025	2,399	46,475
	<b>\$ 160,370</b>	<b>\$ 172,992</b>	<b>\$ 407,529</b>	<b>\$ 538,161</b>

(b) Share purchase warrants

As at September 30, 2022, the Company had 10,366,733 share purchase warrants outstanding (December 31, 2021- nil). See Note 8(b) and Note 7 for details of share purchase warrants issued during the period.

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## NOTE 10 – EQUITY INVESTMENT

### Investment in Associate – Universal Mineral Services Ltd. (“UMS Canada”)

On April 1, 2022, the Company purchased a 25% share interest in a shared-service provider, UMS Canada for nominal consideration. The remaining 75% of UMS Canada is owned equally by Tier One Silver Inc., Coppernico Metals Inc. and Fury Gold Mines Limited. The Company further recognized as part of its net investment in UMS Canada, a cash deposit of \$150,000 which is held by UMS Canada for the purposes of general working capital, and which will only be returned to the Company upon termination of the UMS Canada arrangement. Prior to 2022, UMS Canada was owned by Ivan Bebek and Shawn Wallace, who were both directors of Torq, although Mr. Bebek retired from the Board of Torq in November 2021. On December 31, 2021, these two shareholders sold their shares in UMS Canada for nominal consideration and simultaneously resigned as directors of UMS Canada. Steven Cook, a director of Torq, acquired the UMS Canada shares and on the date of transfer also took over as the sole director of UMS Canada. On April 1, 2022, UMS Canada was restructured whereby Mr. Cook transferred his entire UMS Canada share ownership for nominal consideration to the four aforementioned public companies which share its services.

UMS Canada provides geological, financial and transactional advisory services as well as administrative services to the Company on an ongoing, cost recovery basis. Having these services available through UMS Canada on an as needed basis, allows the Company to maintain a more efficient and cost-effective corporate overhead structure by hiring fewer full-time employees and engaging outside professional advisory firms less frequently. The service agreement with UMS Canada has an indefinite term and can be terminated by either party upon providing due notice. UMS Canada is party to an office lease agreement with a term of ten years (8.75 years remaining), for which certain rent expenses will be payable by the Company. As at September 30, 2022, the Company expects to incur approximately \$1.2 million in respect of its share of future lease rent.

#### (a) Summarized financial information of UMS Canada.

For the three and nine months ended September 30, 2022, the Company’s share of net losses of UMS Canada was as follows:

	<b>Three months ended September 30, 2022</b>	<b>Nine months ended September 30, 2022</b>
Cost recoveries	\$ (1,212,261)	\$ (2,901,840)
Geological services	476,403	1,141,426
Administrative services	772,694	1,936,586
Net loss for the period since investment	36,836	176,172
<b>Torq’s share of net losses of associate</b>	<b>\$ 9,209</b>	<b>\$ 44,043</b>

The carrying amounts of the Company’s investment in UMS Canada as at September 30, 2022 was as follows:

	<b>UMS Canada</b>
Acquisition of equity investment	\$ 151,000
Torq’s share of net loss of investment	(44,043)
<b>Carrying amount as at September 30, 2022</b>	<b>\$ 106,957</b>

The Company’s equity interest in net assets of UMS Canada at September 30, 2022, was as follows:

	<b>UMS Canada</b>
Current assets	\$ 846,842
Non-current assets	2,841,631
Current liabilities	(1,765,152)
Non-current liabilities	(1,495,494)
Net assets 100%	\$ 427,827
<b>Torq’s equity interest in net assets</b>	<b>\$ 106,957</b>

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### (b) Services rendered and balances

All transactions with UMS Canada have occurred in the normal course of operations. All amounts are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Exploration and evaluation	\$ 77,532	\$ 12,898	\$ 233,993	\$ 18,982
Project Investigation	32,839	7,618	45,863	54,778
Marketing and investor relations	26,288	14,371	70,061	47,921
General and administration	217,240	110,938	635,356	326,877
<b>Total transactions for the period</b>	<b>\$ 353,899</b>	<b>\$ 145,825</b>	<b>\$ 985,273</b>	<b>\$ 448,558</b>

As at September 30, 2022, \$116,219 (December 31, 2021 - \$115,446) was included in accounts payable and \$240,000 (December 31, 2021 - \$420,000) in prepaid expenses and deposits relating to transactions with UMS Canada. Upon the acquisition of the share of UMS Canada in April 2022, \$150,000 of the deposit balance was reclassified to the investment in associate balance.

### (c) Key management compensation

In addition to the transactions disclosed above the Company provided the following compensation to key management members, being its five executives, and four non-executive directors:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Salaries and other employee benefits	\$ 236,244	\$ 265,612	\$ 696,579	\$ 659,802
Fees paid to non-executive directors	18,795	21,713	56,384	57,837
Share-based compensation	23,937	100,096	93,378	211,303
	<b>\$ 278,976</b>	<b>\$ 387,421</b>	<b>\$ 846,341</b>	<b>\$ 928,942</b>

On April 1, 2022, the Company entered into a shared services agreement with UMS Canada. Under the agreement, the Company's CFO and Chief Geological Officer terminated their direct employment status with the Company, became employed by UMS Canada and entered into secondment employment arrangements between the Company and UMS Canada.

## NOTE 11 – FINANCIAL INSTRUMENTS

Financial instruments are evaluated under a fair value hierarchy that reflects the significance of inputs in making fair value measurements as follows:

**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 (market prices) or indirectly (derived from market prices).

**Level 3** – Inputs for the asset or liability are not based upon observable market data.

As at September 30, 2022, the Company's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. The fair values of these assets and liabilities approximate their carrying values due to their short-term maturity.

The Company's financial instruments are exposed to liquidity risk, credit risk and market risks, which include foreign currency risk and interest rate risk. As at September 30, 2022, the primary risks were as follows:



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## (a) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at September 30, 2022, the Company has working capital of \$14,691,759 (December 31, 2021 - \$2,037,479) and held cash of \$15,781,694 (December 31, 2021 - \$1,899,324), which is entirely unrestricted.

On March 18, 2022, the Company completed a non-brokered private placement for gross proceeds of \$5,275,050 which consisted of 7,033,400 equity units at an offering price of \$0.75.

On July 11, 2022, the Company announced that it had finalized a \$3 million two-year credit facility (Note 7).

On September 15, 2022, the Company announced that it closed a \$15 million non-brokered private placement with a wholly owned affiliate of NYSE listed international gold mining company Gold Fields (Note 8(b)).

## (b) Credit risk

The Company's cash and accounts receivable are exposed to credit risk, which is the risk that the counterparties to the Company's financial instruments will cause a loss to the Company by failing to pay for their obligations. The amount of credit risk to which the Company is exposed is considered insignificant as the Company's cash is held with highly rated financial institutions in interest-bearing accounts and the accounts receivable primarily consist of GST receivable from the Government of Canada.

## (c) Market risk

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The significant market risk to which the Company is exposed is:

### i. Foreign currency risk

The Company is exposed to currency risk by having balances and transactions in currencies that are different from its functional currency.

As at September 30, 2022 and December 31, 2021, the Company's foreign currency exposure related to its financial assets and liabilities held in US\$ and in Chilean Pesos ("CLP") is respectively as follows, noting that the Canadian parent company is exposed to US\$ foreign currency risk with C\$ functional currency and the Chilean subsidiaries with US\$ functional currency are exposed to CLP foreign currency risk:

<b>In C\$</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Period end exchange rate C\$ per US\$	\$ 1.3707	\$ 1.2678
Cash	\$ 41	\$ 80,797
Accounts payable and accrued liabilities	(1,854)	(74,924)
	\$ (1,813)	\$ 5,873

  

<b>In US\$</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Period end exchange rate CLP per US\$	\$ 968.0100	\$ 853.5942
Cash	\$ 655,529	\$ 270,889
Accounts receivable and other	-	99,069
Accounts payable and accrued liabilities	(394,239)	(225,199)
	\$ 261,290	\$ 144,759

A 10% increase or decrease in the US\$ and CLP exchange rates would not result in a material impact to the Company's loss or comprehensive loss for the nine months ended September 30, 2022.

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### **NOTE 12 – SEGMENTED INFORMATION**

The Company operates as one operating segment, being the acquisition and exploration of mineral resource properties.