



TORQ RESOURCES INC.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Unaudited - Expressed in Canadian dollars)

Torq Resources Inc.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	March 31, 2024	December 31, 2023
		\$	\$
ASSETS			
Current			
Cash		2,265,700	487,970
Amounts receivable		45,551	37,134
Prepaid expenses and deposits	11(a)	454,993	559,033
		2,766,244	1,084,137
Equity investment	5	120,893	121,991
Equipment	6	199,702	217,646
Mineral property interests	7	2,874,657	2,782,273
Total assets		5,961,496	4,206,047
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11(a)	2,582,377	1,198,982
		2,582,377	1,198,982
Loan facility	9	2,042,136	1,969,137
Total liabilities		4,624,513	3,168,119
SHAREHOLDERS' EQUITY			
Share capital	10(b)	77,889,458	73,153,551
Shares to be issued	10(b)	-	40,250
Stock options and warrants reserve		14,126,112	13,890,761
Accumulated other comprehensive income		80,936	29,739
Deficit		(90,759,523)	(86,076,373)
Total shareholders' equity		1,336,983	1,037,928
Total liabilities and shareholders' equity		5,961,496	4,206,047

Nature of operations and going concern (Note 1)
Subsequent events (Note 15)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "Steve Cook"
Director

/s/ "Carolina Vargas"
Director

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

Torq Resources Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars, except number of shares)

	Note	Three months ended March 31,	
		2024	2023
		\$	\$
Operating expenses			
Exploration and evaluation expenses	8,11(a),11(b)	3,290,302	3,298,202
Fees, salaries and other employee benefits	11(a),11(b)	416,697	1,064,586
Impairment of mineral property	7	438,891	-
Legal and professional fees	11(a)	95,389	156,750
Marketing and investor relations	11(a)	191,799	348,152
Office and administration	11(a)	146,597	145,103
Project investigation	11(a)	24,572	49,706
Regulatory and transfer agent		30,085	45,755
		4,634,332	5,108,254
Other expense (income)			
Accretion expense	9	72,999	72,557
Foreign exchange loss (gain)		(34,637)	15,026
Interest expense	9	56,096	55,479
Interest income		(46,738)	(145,585)
Net loss from equity investment	5	1,098	9,393
Net loss		4,683,150	5,115,124
Other comprehensive loss (gain)			
Currency translation differences		(51,197)	18,626
Comprehensive loss		4,631,953	5,133,750
Net loss per share:			
Basic and diluted		0.04	0.05
Weighted average number of common shares:			
Basic and diluted		130,522,370	102,125,057

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

Torq Resources Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Three months ended	
	2024	March 31, 2023
	\$	\$
Operating activities:		
Net loss for the period	(4,683,150)	(5,115,124)
Adjustments for:		
Impairment of mineral property	438,891	-
Depreciation	23,167	71,057
Accretion expense	72,999	72,557
Interest expense	56,096	55,479
Interest income	(46,738)	(145,585)
Net loss from equity investment	1,098	9,393
Share-based compensation	122,469	1,120,190
Unrealized foreign exchange gain	(109,279)	(23,686)
Changes in non-cash working capital:		
Amounts receivable	(8,236)	(16,709)
Prepaid expenses and deposits	109,520	(383,614)
Accounts payable and accrued liabilities	1,474,883	437,378
Cash used in operating activities	(2,548,280)	(3,918,664)
Investing activities:		
Cash interest received	46,738	145,585
Additions to mineral properties interests	(472,920)	-
Purchase of equipment	-	(36,903)
Cash (used in) provided by investing activities	(426,182)	108,682
Financing activities:		
Cash interest paid on the loan facility	(56,096)	(55,479)
Proceeds from private placement of units, net of issuance costs	4,870,154	5,738,780
Cash provided by financing activities	4,814,058	5,683,301
Effect of exchange rate on changes in cash	(61,866)	1,708
Change in cash	1,777,730	1,875,027
Cash, beginning of period	487,970	12,470,543
Cash, end of period	2,265,700	14,345,570
Supplemental cash flows information:		
Issuance costs included in accounts payable and accrued liabilities	61,615	-
Cash income tax paid	-	-

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

Torq Resources Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Shares to be issued	Stock options and warrants reserve	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2022	99,690,481	68,160,093	70,862	10,547,271	89,777	(66,866,520)	12,001,483
Proceeds from private placement of units, net of issuance costs	10,433,899	5,217,085	-	521,695	-	-	5,738,780
Finders' warrants issued as issuance costs	-	(119,714)	-	119,714	-	-	-
Reclassification of subsidiary other comprehensive income upon dissolution	-	-	-	-	(1,787)	1,787	-
Shares issued as finders' fees for the Margarita Project	243,750	70,862	(70,862)	-	-	-	-
Currency translation differences	-	-	-	-	(18,626)	-	(18,626)
Share-based compensation	-	-	-	1,120,190	-	-	1,120,190
Net loss for the period	-	-	-	-	-	(5,115,124)	(5,115,124)
Balance, March 31, 2023	110,368,130	73,328,326	-	12,308,870	69,364	(71,979,857)	13,726,703
Share purchase warrants issued related to the loan facility	-	-	-	517,503	-	-	517,503
Unit issuance costs	-	(174,775)	-	-	-	-	(174,775)
Shares to be issued	-	-	40,250	-	-	-	40,250
Currency translation differences	-	-	-	-	(39,625)	-	(39,625)
Share-based compensation	-	-	-	1,064,388	-	-	1,064,388
Net loss for the period	-	-	-	-	-	(14,096,516)	(14,096,516)
Balance, December 31, 2023	110,368,130	73,153,551	40,250	13,890,761	29,739	(86,076,373)	1,037,928
Proceeds from private placement of units, net of issuance costs	23,206,860	4,848,789	(40,250)	-	-	-	4,808,539
Finders' warrants issued as issuance costs	-	(112,882)	-	112,882	-	-	-
Currency translation differences	-	-	-	-	51,197	-	51,197
Share-based compensation	-	-	-	122,469	-	-	122,469
Net loss for the period	-	-	-	-	-	(4,683,150)	(4,683,150)
Balance, March 31, 2024	133,574,990	77,889,458	-	14,126,112	80,936	(90,759,523)	1,336,983

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

Torq Resources Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2024 and 2023
(Expressed in Canadian dollars, except where noted - Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Torq Resources Inc. (the “Company” or “Torq”) was 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.

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

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2024 and 2023 (the “financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company is a resource exploration stage company, which does not generate any revenue and has been relying on equity-based financing to fund its operations. As at March 31, 2024, the Company has a working capital surplus of \$183,867 (December 31, 2023 working capital deficit - \$114,845) and a deficit of \$90,759,523 (December 31, 2023 - \$86,076,373). During the three months ended March 31, 2024 the Company incurred a net loss of \$4,683,150(2023 - \$5,115,124). The Company may require additional financing, either through equity or debt financing, sale of assets, joint venture arrangements, or a combination thereof to meet its administrative obligations and to continue to explore and develop its mineral properties. The Company has had success raising capital in the past, on January 4, 2024 the Company closed a public and private offering for gross proceeds of \$5,337,578 (Note 10(b)). There is no assurance that sufficient future funding will be available on a timely basis or on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern, and these adjustments may be material.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on May 23, 2024.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”) as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company’s audited financial statements for the years ended December 31, 2023 and 2022 (the “Annual Financial Statements”).

b) Basis of presentation

These financial statements have been prepared on a historical cost basis. In addition, except for cash flow information, these financial statements have been prepared using the accrual method of accounting.

c) Functional and presentation currency

These financial statements are presented in Canadian dollars (“\$” or “CAD”) which is the Company’s functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. References to “US\$” are to United States dollars, and references to “CLP” are to Chilean pesos.

d) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

Torq Resources Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2024 and 2023
(Expressed in Canadian dollars, except where noted - Unaudited)

2. BASIS OF PREPARATION (continued)

A summary of the Company's subsidiaries included in these financial statements as at March 31, 2024 are as follows:

Name of subsidiary	Country of incorporation	Percentage ownership	Functional currency	Principal activity
Torq Resources Chile SpA	Chile	100%	USD	Holding company
Minera Margarita SpA	Chile	100%	USD	Mineral exploration
Minera Andrea SpA	Chile	100%	USD	Mineral exploration
Minera Santa SpA	Chile	100%	USD	Mineral exploration
Torq Operaciones Chile SpA	Chile	100%	USD	Mineral exploration

In January 2023, Candelaria Minerals S.A.C., a dormant subsidiary of the Company, was dissolved.

These financial statements include a 25% investment in Universal Mineral Services Ltd. ("UMS Canada") which is a shared service entity (Note 5).

3. MATERIAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are consistent with those applied and disclosed in the notes to the Annual Financial Statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and expenses. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgments which may cause a material adjustment to the carrying amounts of assets and liabilities. The Company's interim results are not necessarily indicative of its results for a full year. The critical judgements and estimates applied in the preparation of these financial statements are consistent with those applied and disclosed in the notes to the Annual Financial Statements.

5. EQUITY INVESTMENT

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 \$151,000, 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.

UMS Canada is located in Vancouver, British Columbia, Canada and provides geological, financial and transactional advisory services as well as administrative services to the Company and three other companies on a 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 each participating company upon providing due notice. UMS Canada is party to an office lease agreement with a term of ten years, for which certain rent expenses will be payable by the Company. As at March 31, 2024, the Company expects to incur approximately \$1.6 million in respect of future lease rent for the remaining 7.25 years.

Torq Resources Inc.
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5. EQUITY INVESTMENT (continued)

A summary of the UMS Canada's net loss and the Company's share of the net loss for the three months ended March 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Cost recoveries	(952,104)	(1,555,704)
Geological services	330,717	491,417
Administrative services	625,778	1,101,860
Net loss	4,391	37,573
Company's share of net loss from equity investment	1,098	9,393

A summary of the carrying amount of the Company's investment in UMS Canada is as follows:

	\$
Balance, December 31, 2022	127,024
Company's share of net loss from equity investment	(5,033)
Balance, December 31, 2023	121,991
Company's share of net loss from equity investment	(1,098)
Balance, March 31, 2024	120,893

A summary of the Company's equity interest in net assets of UMS Canada as at March 31, 2024 is as follows:

	\$
Current assets	825,108
Non-current assets	2,391,026
Current liabilities	(1,428,545)
Non-current liabilities	(1,304,018)
Net assets	483,571
Company's equity interest in net assets	120,893

6. EQUIPMENT

A summary of the Company's equipment is as follows:

	\$
Cost	
Balance, December 31, 2022	690,924
Additions	36,903
Foreign currency translation	(300)
Balance, March 31, 2024 and December 31, 2023	727,527
Accumulated depreciation	
Balance, December 31, 2022	227,108
Depreciation	282,874
Foreign currency translation	(101)
Balance, December 31, 2023	509,881
Depreciation	23,167
Foreign currency translation	(5,223)
Balance, March 31, 2024	527,825
Carrying amount	
Balance, December 31, 2023	217,646
Balance, March 31, 2024	199,702

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6. EQUIPMENT (continued)

During the three months ended March 31, 2024, the Company recorded \$23,167 (2023 - \$71,057) of depreciation in the statement of loss and comprehensive loss, depreciation for vehicles was classified under exploration and evaluation expenses while depreciation for office equipment was classified under office and administration expenses.

7. MINERAL PROPERTY INTERESTS

A summary of the Company's mineral property interests is as follows:

	Margarita Project	Andrea Project	Santa Cecilia Project	Total
	\$	\$	\$	\$
Balance, December 31, 2022	971,139	357,763	683,466	2,012,368
Option payments	748,460	81,204	-	829,664
Foreign currency translation	(37,559)	(9,480)	(12,720)	(59,759)
Balance, December 31, 2023	1,682,040	429,487	670,746	2,782,273
Option payments	472,920	-	-	472,920
Impairment	-	(438,891)	-	(438,891)
Foreign currency translation	35,991	9,404	12,960	58,355
Balance, March 31, 2024	2,190,951	-	683,706	2,874,657

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 kilometers ("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.

Pursuant to the execution of the Margarita Project option agreement ("Margarita Project Option Agreement"), the Company incurred finders' 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 were issued on March 31, 2023 (Note 10(b)). These Finder's Fee Shares have been recognized at a total \$159,969 fair value within equity.

Margarita claims

Under the Margarita Project Option Agreement, the Company's may acquire a 100% interest in the project by making cash option payments totaling US\$6,200,000 and incurring work expenditures totaling US\$3,050,000 as summarized in the table below. As at March 31, 2024, the Company has paid the required cash option payments and incurred the required work expenditures.

The summary of the Company's total required cash payments and work expenditures under the option agreement is as follows:

	Cash payments	Work expenditures requirement
	US\$	US\$
April 20, 2021 (paid \$62,445)	50,000	-
August 22, 2021 (paid \$64,280 and work expenditures requirement met)	50,000	400,000
August 22, 2022 (paid \$155,013 and work expenditures requirement met)	100,000	1,150,000
August 18, 2023 (paid \$406,560 and work expenditures requirement met)	300,000	1,500,000
August 22, 2024	1,200,000	-
August 22, 2025	2,000,000	-
August 22, 2026	2,500,000	-
	6,200,000	3,050,000

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7. MINERAL PROPERTY INTERESTS (continued)

La Cototuda Claim

During the three months ended March 31, 2024, the Company made a \$472,920 (US\$350,000) final cash payment thereby acquiring a 100% interest in the La Cototuda claim.

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.

On March 25, 2024, the Company decided to drop its option on the Andrea project in order to focus and prioritize its capital allocation to its more advanced Margarita and Santa Cecilia projects. As a result, the Company recognized a \$438,891 impairment charge related to the project for the period ended March 31, 2024.

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 (the "Santa Cecilia Project") 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.

In order to maintain the Santa Cecilia Project option agreement, the Company needs to make option payments totaling US\$25,000,000 and incur work expenditure totaling US\$15,500,000 as summarized in the table below. The Company has made on-time all the required option payments totaling US\$400,000 to the date of these financial statements.

The summary of total required cash payments and work expenditures under the option agreement is as follows:

	Cash payments	Work expenditures requirement
	US\$	US\$
October 21, 2021 (paid \$123,580)	100,000	-
October 21, 2022 (paid \$409,470)	300,000	-
October 21, 2023 (work expenditures requirement met)	-	3,000,000
October 21, 2024 (work expenditures requirement met)	600,000	4,500,000
October 21, 2025	1,000,000	8,000,000
October 21, 2026	3,000,000	-
October 21, 2027	5,000,000	-
October 21, 2028	15,000,000	-
	25,000,000	15,500,000

The Company needs to complete total staged work expenditures of US\$15,500,000 over the period up to October 20, 2028, as well as complete 25,000 m of drilling which is a pre-requisite to exercising the option to earn 100% interest in the project. The Company has met the first two work expenditure commitments totaling \$7,500,000 by October 21, 2024. As at March 31, 2024, the Company had incurred approximately US\$11,360,000 of eligible work expenditures and drilled 3,359 m.

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8. EXPLORATION AND EVALUATION EXPENSES

A summary of the Company's exploration and evaluation expenses for the three months ended March 31, 2024 is as follows:

	Margarita Project	Andrea Project	Santa Cecilia Project	Total
	\$	\$	\$	\$
Community relations	-	-	32,703	32,703
Drilling	-	-	1,371,130	1,371,130
Environmental, permitting and concessions	26,628	-	65,648	92,276
Equipment, vehicles, rent and field supplies	4,638	29	29,056	33,723
Geological consulting, salaries, and wages	304,780	11,732	560,795	877,307
Geophysics, sampling, and assays	4,043	-	130,869	134,912
Project support	72,447	8,333	380,003	460,783
Share-based compensation	17,248	822	25,090	43,160
Travel, meals and accommodation	55,930	1,290	187,088	244,308
	485,714	22,206	2,782,382	3,290,302

A summary of the Company's exploration and evaluation expenses for the three months ended March 31, 2023 is as follows:

	Margarita Project	Andrea Project	Santa Cecilia Project	Total
	\$	\$	\$	\$
Community relations	-	-	25,760	25,760
Drilling	-	-	397,687	397,687
Environmental, permitting and concessions	35,939	18,123	78,965	133,027
Equipment, vehicles, rent and field supplies	2,113	39	39,538	41,690
Geological consulting, salaries and wages	304,458	12,499	668,945	985,902
Geophysics, sampling and assays	45,555	-	232,697	278,252
Project support	154,083	16,841	454,668	625,592
Share-based compensation	171,896	9,271	235,855	417,022
Travel, meals and accommodation	87,443	1,456	304,371	393,270
	801,487	58,229	2,438,486	3,298,202

9. LOAN FACILITY

A summary of the Company's loan facility is as follows:

	\$
Balance, December 31, 2022	1,966,710
Accretion expense	317,848
Loan extinguishment and recognition adjustment	(315,421)
Balance, December 31, 2023	1,969,137
Accretion expense	72,999
Balance, March 31, 2024	2,042,136
Current portion	-
Non-current portion	2,042,136

9. LOAN FACILITY (continued)

On July 19, 2022, the Company secured a \$3,000,000 loan facility with 191010 Investments Limited, (the "Lender") with a maturity date of July 19, 2024, subject to interest payments at 9% per annum, and incurring transaction costs of \$48,032. Under the loan agreement, the Company is required to issue share purchase warrants to the Lender with each advance. Upon closing of the loan facility, the Company drew down \$2,000,000 and issued 3,333,333 share purchase warrants exercisable at \$0.60 per common share of the Company until July 19, 2024. The Company allocated \$1,527,531 of the initial draw down to the loan facility based on its estimated fair value and \$472,469 to the share purchase warrants being the residual amount. Of the total transaction costs of \$48,032, \$36,685 was allocated to the loan facility and \$11,347 was allocated to the share purchase warrants.

On December 13, 2022, the Company drew down \$500,000 and issued 769,231 share purchase warrants exercisable at \$0.65 per common share of the Company until July 11, 2024. The Company allocated \$381,883 of the draw down to the loan facility based on its estimated fair value and \$118,117 to the share purchase warrants being the residual amount.

On November 27, 2023, the Company and the Lender agreed to amend the loan facility agreement by extending the maturity date to July 11, 2025. In consideration of the extension, the Company agreed to replace the 4,102,564 share purchase warrants that were issued to the Lender with 7,500,000 share purchase warrants exercisable at \$0.35 per common share until July 11, 2025. This amendment was treated as an extinguishment of the former loan facility and reissuance of a new loan facility. The extinguishment gave rise to a loss on extinguishment of \$202,082 on the statement of loss and comprehensive loss during the year ended December 31, 2023. The Company allocated \$1,982,497 of the \$2,500,000 principal to the loan facility based on its estimated fair value and \$517,503 to the share purchase warrants being the residual amount.

The effective interest rate of the amended loan facility is estimated at 29.10%. During the three months ended March 31, 2024 the Company incurred an accretion expense in respect of the loan totaling \$72,999 (2023 - \$72,557).

During the three months ended March 31, 2024 the Company has incurred interest expense in respect of the loan facility totaling \$56,096 (2023 - \$55,479) all of which has been paid in cash.

10. SHARE CAPITAL

a) Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued share capital

During the three months ended March 31, 2024, the Company had the following share capital transactions:

- On January 4, 2024, the Company closed a public and private offering (the "Offering") and issued 23,206,860 units at a price of \$0.23 per unit for gross proceeds of \$5,337,578. Each unit consists of one common share and one share purchase warrant exercisable at \$0.30 per common share with 17,528,600 exercisable until January 4, 2027 and 5,768,260 exercisable until January 4, 2029. The Company attributed \$5,337,578 of the gross proceeds to share capital and a residual value of \$nil to the warrants issued. In connection to the Offering, the Company incurred issuance costs of \$488,789 and issued 1,084,814 finders' warrants with a fair value of \$112,882. Each finders' warrant is exercisable at a price of \$0.23 per common share and expires on January 4, 2026. Three directors of the Company purchased an aggregate of 575,000 units in the Offering for gross proceeds of \$132,250.

During the year ended December 31, 2023, the Company had the following share capital transactions:

- During the year ended December 31, 2023, the Company received gross proceeds of \$40,250 for a public and private unit offering which closed subsequent to year-end on January 4, 2024.

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10. SHARE CAPITAL (continued)

- On March 10, 2023, the Company closed a non-brokered private placement and issued 10,433,899 units at a price of \$0.60 per unit for gross proceeds of \$6,260,339. Each unit consists of one common share and one half of a share purchase warrant, each whole share purchase warrant exercisable at \$0.80 per common share until March 10, 2026. The Company attributed \$5,738,644 of the gross proceeds to share capital and a residual value of \$521,695 to the warrants issued. The securities were issued under the listed issuer financing exemption, pursuant to National Instrument 45-106 *Prospectus Exemptions*, and therefore no hold period applied to these securities in Canada, except where required by the TSX Venture Exchange. In connection to the private placement, the Company paid cash issuance costs of \$521,559 and issued 601,034 finders' warrants with a fair value of \$119,714. Each finders' warrant is exercisable at a price of \$0.60 per common share and expires on March 10, 2025.
- On March 31, 2023, the Company issued 243,750 common shares with a fair value of \$70,862, in relation to the Margarita Project finders' fee agreement, which were previously recorded under shares to be issued during the year ended December 31, 2022 (Note 7(a)).

c) Stock options

The Company maintains a rolling share-based option plan (the "Option Plan") providing for the issuance of share purchase options of 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.

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

	Number of stock options	Weighted average exercise price
	#	\$
Balance, December 31, 2022	3,851,875	0.72
Granted	5,550,000	0.73
Forfeited	(265,000)	0.71
Cancelled	(404,375)	0.65
Balance, December 31, 2023	8,732,500	0.73
Forfeited	(602,500)	0.72
Cancelled	(275,000)	0.73
Balance, March 31, 2024	7,855,000	0.73

A summary of the Company's stock options outstanding at March 31, 2024, is as follows:

Date of expiry	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
April 1, 2024	250,000	250,000	0.5	0
May 25, 2025	400,000	400,000	0.58	1.15
April 7, 2026	1,090,000	1,090,000	0.77	2.02
September 3, 2026	375,000	375,000	0.82	2.43
November 24, 2026	490,000	490,000	0.86	2.65
July 19, 2027	422,500	422,500	0.65	3.3
January 19, 2028	4,682,500	3,598,807	0.73	3.81
February 7, 2028	45,000	33,750	0.62	3.86
March 3, 2028	100,000	75,000	0.6	3.93
	7,855,000	6,735,057	0.73	3.03

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10. SHARE CAPITAL (continued)

A summary of the Company share-based compensation recognized within profit or loss during the three months ended March 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Exploration and evaluation expenses	43,161	417,022
Fees, salaries and other employee benefits	71,378	627,624
Marketing and investor relations	6,090	58,024
Project investigation	1,840	17,520
	122,469	1,120,190

During the three months ended March 31, 2024, no options were issued.

During the year ended December 31, 2023, the Company granted 5,550,000 stock options to directors, officers, employees, and other service providers who are consultants that provide on-going services to the Company, representative of employee services. The weighted average fair value per option of these share options was calculated as \$0.44 using the Black-Scholes option pricing model ("BSM") at the grant date.

A summary of the Company's weighted average inputs used in the BSM to calculate the fair value of stock options granted during the three months ended March 31, 2024, and the year ended December 31, 2023 is as follows:

	2024	2023
Share price	N/A	\$0.73
Exercise price	N/A	\$0.73
Risk-free interest rate	N/A	2.84%
Expected life	N/A	5 years
Expected volatility	N/A	70.93%
Expected annual dividend yield	N/A	0.00%

d) Share purchase warrants

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

	Number of warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2022	11,135,964	0.92
Issued	13,317,983	0.54
Cancelled	(4,102,564)	0.61
Balance, December 31, 2023	20,351,383	0.73
Issued	24,291,674	0.30
Balance, March 31, 2024	44,643,057	0.50

Torq Resources Inc.
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10. SHARE CAPITAL (continued)

A summary of the Company's outstanding warrants as at March 31, 2024, is as follows:

Date of expiry	Number of warrants	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
March 1, 2025	7,033,400	1.1	0.92
March 10, 2025	601,034	0.6	0.94
July 11, 2025	7,500,000	0.35	1.28
March 10, 2026	5,216,949	0.8	1.94
January 4, 2026	1,084,814	0.23	1.76
January 4, 2027	17,528,600	0.3	2.76
January 4, 2029	5,678,260	0.3	4.77
	44,643,057	0.50	2.33

A summary of the Company's weighted average inputs used in the BSM for finders' warrants issued during the three months ended March 31, 2024, and the year ended December 31, 2023, is as follows:

	2024	2023
Share price	\$0.24	\$0.55
Exercise price	\$0.23	\$0.60
Risk-free interest rate	4.04%	3.97%
Expected life	2 years	2 years
Expected volatility	73.93%	67.09%
Expected annual dividend yield	0.00%	0.00%

11. RELATED PARTY TRANSACTIONS

a) Related party transactions with UMS Canada

A summary of the Company's transactions with UMS Canada, the Company's 25% equity investment (Note 5), for the three months ended March 31, 2024 and 2023, is as follows:

	2024	2023
	\$	\$
Exploration and evaluation expenses	205,568	189,308
Fees, salaries and other employee benefits	93,970	268,952
Legal and professional fees	10,212	3,377
Marketing and investor relations	53,291	53,037
Office and administration	87,542	85,017
Project investigation	76	4,953
Unit issuance costs (Note 10(b))	11	1,204
	450,670	605,848

As at March 31, 2024, included in the Company's accounts payable and accrued liabilities was \$326,078 (December 31, 2023 - \$175,417) and in prepaid expenses and deposits was \$286,075 (December 31, 2023 - \$298,609) relating to transactions with UMS Canada. All transactions with UMS Canada have occurred in the normal course of operations. All balances are unsecured, non-interest bearing and have no specific terms of repayment.

The Company issues options to certain UMS Canada employees including key management personnel of the Company. During the three months ended March 31, 2024, the Company recognized a share-based compensation expense of \$35,793 (2023 - \$427,038) in respect of stock options granted to UMS Canada employees.

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11. RELATED PARTY TRANSACTIONS (continued)

b) Key management compensation

Key management personnel are those having the authority and responsibility for planning, directing, and controlling the Company. A summary of the Company's related party transactions with key management for the three months ended March 31, 2024 and 2023, is as follows:

	2024	2023
	\$	\$
Exploration and evaluation expenses	213,975	141,839
Fees, salaries and other employee benefits ⁽¹⁾	190,144	182,858
Share-based compensation (Note 10(c))	78,322	811,777
	482,441	1,136,474

(1) During the three months ended March 31, 2024, included in fees, salaries and other employee benefits was a total of \$36,550 (2023 - \$31,301) paid to the Company's directors and officers for services rendered during the period.

As at March 31, 2024, accounts payable and accrued liabilities contain amounts due to key management personnel of \$64,259 (December 31, 2023 - \$nil). The amounts have no specified terms of repayment and are due upon demand.

12. SEGMENTED INFORMATION

The Company operates as one operating segment, being the acquisition and exploration of mineral resource properties. The Company's primary exploration and evaluation assets are located in Chile, and its corporate assets, comprising mainly cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues or operating results. Most corporate expenses are incurred in Canada.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2024, the Company's financial instruments consist of cash, amounts receivable, deposits, accounts payable and accrued liabilities and loan facility; all of these financial instruments are classified as and measured at amortized cost. The fair values of cash, amounts receivable, deposits, accounts payable and accrued liabilities approximate their carrying values due to their short-term to maturity.

The Company is exposed to certain financial risks by its financial instruments. The risk exposures and their impact on the Company's financial statements are summarized below:

a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is exposed to liquidity risk through accounts payable and accrued liabilities as well as the loan facility. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common shares or debt, as required. As at March 31, 2024, the Company had cash of \$2,265,700 (December 31, 2023 - \$487,970) to settle accounts payable and accrued liabilities of \$2,582,377 (December 31, 2023 - \$1,198,982) with contractual maturities of less than one year. The Company will be required to raise additional funding to meet its financial obligations in the near term. There is no assurance that the necessary financing will be available in a timely manner or on terms acceptable to the Company. The Company assesses liquidity risk as high.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk relates primarily to cash, deposits and amounts receivable. 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 amounts receivable primarily consist of sales taxes receivable from the Government of Canada.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

c) Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

A summary of the Company's financial assets and liabilities that are denominated in the US dollar and the Chilean peso as at March 31, 2024, expressed in Canadian dollars, is as follows:

	USD	CLP
	\$	\$
Financial assets		
Cash	146	1,304,209
Amounts receivable	-	1,518
Financial liabilities		
Accounts payable and accrued liabilities	(17,182)	(2,012,188)
Net financial liabilities	(17,036)	(706,461)

A 10% increase or decrease in the US dollar and Chilean peso exchange rates relative to the Companies and its subsidiaries' functional currencies would result in an impact of approximately \$72,350 to the Company's loss and comprehensive loss.

14. CAPITAL MANAGEMENT

The Company considers capital to include items within shareholders' equity. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and evaluation of mineral properties and to maintain the Company in good standing. In order to maintain or adjust its capital structure, the Company may issue additional common shares. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

The properties in which the Company currently has an interest are in the exploration stage and are not positive cash-flow generating; as such, the Company has historically relied on equity and debt markets to fund its activities. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable, given the relative size of the Company. The Company is not subject to any capital restrictions and the Company's approach to capital management has not changed from the prior periods.

15. SUBSEQUENT EVENTS

On April 1, 2024 250,000 stock options with an exercise price of \$0.50 expired unexercised.

On April 30, 2024 20,625 stock options with an exercise price of \$0.73 expired unexercised.

On May 13, 2024 45,000 stock options with an exercise price of \$0.86 expired unexercised.

On May 7, 2024 the Company announced a non-brokered private placement of up to 15,000,000 units for gross proceeds of up to \$1,500,000 through the issuance of units at a price of \$0.10 per unit (the "Offering"). Each unit will consist of one common share and one-half common share purchase warrant. Each whole warrant is exercisable into one common share at an exercise price of \$0.15 for a period of 12 months following the closing date of the Offering.