



TORQ RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

Dated: April 25, 2025

HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2024 AND THE PERIOD UP TO APRIL 25, 2025

Corporate highlights

- On March 25, 2025, the Company announced a non-brokered private placement for gross proceeds of \$2,000,000, through the issuance of 33,333,333 units at a price of \$0.06 per unit. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable into one common share at an exercise price of \$0.12 per common share at any time on or before the date which is 24 months from the closing. The proposed use of proceeds is to finance general working capital.
- On March 23, 2025, the Company entered into an agreement with the Lender to extend the maturity date of the Loan Facility from July 11, 2025, to July 11, 2026. In consideration of the extension, the Company agreed to replace the 7,500,000 share purchase warrants that were previously issued to the Lender with 46,666,667 common share purchase warrants exercisable at \$0.06 per common share until July 11, 2026. In addition, the interest rate on the Loan Facility will increase to 12% per annum from 9% per annum starting July 11, 2025, and the Lender will receive a \$30,000 payment in consideration of a recent security priority waiver and a default waiver.
- On January 17, 2025, the Company entered into an option and joint venture shareholders agreement (the "JV Agreement") as well as a Chilean option agreement (the "Chilean Option Agreement", together with the JV Agreement the "Definitive Agreements") with Gold Fields Limited ("Gold Fields"). Under the Definitive Agreements, Gold Fields retains the option to acquire 75% interest in Minera Santa SpA by funding an aggregate amount of US\$48 million as follows:
 - Initial Equity Interest - A 10% interest by funding US\$6 million of exploration expenditures, property payments and other expenses by July 17, 2027.
 - First Option - An additional 41% interest by funding an additional US\$12 million of exploration expenditures, property payments and other expenses by July 17, 2027; and
 - Second Option - A final 24% interest by funding a further US\$30 million exploration expenditures, property payments and other expenses by January 17, 2031.

Pursuant to the execution of the Definitive Agreements, the outstanding balance of the Loan Payable of \$2,639,320 (US\$1,810,000) will form part of the required funding under the Initial Equity Interest and will be converted to a capital contribution in Minera Santa SpA once the remaining portion of the US\$6 million funding commitment is met.

- During the year ended December 31, 2024, the Margarita Project was fully impaired due to management's decision to focus on its more advanced Santa Cecilia Project. As a result, the Company recognized a \$2,310,070 impairment charge related to the Margarita Project for the year ended December 31, 2024.
- On October 17, 2024, the Company entered an interim loan and facility agreement (the "Loan Payable") with Gold Fields for up to an aggregate amount of US\$1,810,000 (CAD\$2,529,784). The Loan Payable is to be funded in an immediate amount of US\$600,000 (CAD\$828,120) with an additional credit facility allowing Torq to draw-down further amounts to a maximum additional amount of US\$1,210,000 (CAD\$1,670,042) to advance the approved programs on the Santa Cecilia Project. The Loan Payable was drawn in tranches.
- On August 26, 2024, the Company completed a non-brokered private placement for gross proceeds of \$85,000 through the issuance of 850,000 units at a price of \$0.10 per unit, all of which were purchased by a director of the Company. For further information see the Liquidity and Capital Resources section, below.
- On August 26, 2024, the Company drew down \$300,000 from its loan facility (the "Loan Facility") with 191010 Investments Limited (the "Lender") and issued 3,750,000 share purchase warrants exercisable at \$0.08 per common share of the Company until July 11, 2025.
- On July 2, 2024, the Company completed a non-brokered private placement for gross proceeds of \$464,530 through the issuance of 4,645,300 units at a price of \$0.10 per unit. For further information see the Liquidity and Capital Resources section, below.
- On March 28, 2024, the Company announced the appointment of Waldo Cuadra, Torq's General Manager in Chile, as a director of the Company. Mr. Cuadra has been leading Torq's technical team in Chile since he joined the Company in 2020. He brings over 40 years of experience both as a geologist and an executive within the mining industry.
- On March 25, 2024, the Company announced that director, Jeffrey Mason, and Chief Geological Officer ("CGO"), Michael Henrichsen, resigned their respective positions with the Company effective immediately to pursue other business interests. The Company does not intend to appoint a replacement CGO in the near term given the strength of the Chilean technical team.

- On March 25, 2024, the Company allowed its option on the Andrea Project (the “Andrea Project”) to lapse in order to focus and prioritize its capital allocation to its more advanced Margarita project (the “Margarita Project”) and Santa Cecilia projects. As a result, the Company recognized a \$438,891 impairment charge related to the Andrea project
- On March 25, 2024, the Company implemented cash preservation measures including an immediate 50% pay cuts for all salaried North American senior executives, a payment deferral of those reduced salaries until a financing permits payment, and deferral of all directors’ cash compensation. The Company will reduce all non-essential employees and contractors and close its Vancouver office. Operations will be lead from the Santiago offices, where the Company’s technical team, physical assets and exploration activities are centered.
- On January 4, 2024, the Company completed a public and private offering (the “Offering”) for gross proceeds of \$5,337,578 through the issuance of 23,206,860 units at a price of \$0.23 per unit. Three directors of the Company purchased an aggregate of 575,000 units in the Offering for gross proceeds of \$132,250. For further information see the Liquidity and Capital Resources section, below.

Operational highlights

- On February 27, 2025, the Company announced the commencement of its 2025 drill program at its Santa Cecilia Project. The planned drilling will focus on the Pircas Norte and Gemelos Norte targets where the Company intercepted broad gold and copper mineralization in the past. The program will comprise five drill holes over approximately 3,600m utilizing two drill rigs as part of Gold Fields initial USD\$6 million funding commitment to the project, see Corporate Highlights section, above.
- On August 5, 2024, the Company amended its Margarita Project Option Agreement to extend the option by one year and to defer each of the property payments by one year. Under the terms of the amended agreement, an additional US\$300,000 (to a total of US\$1,500,000), was added to the August 22, 2025 option payment and an increase of US\$200,000 (to a total of US\$2,200,000) was added to the August 22, 2026 option payment. In addition, Torq is required to spend at least US\$1,000,000 in exploration and evaluation expenses before August 22, 2025 and an additional US\$1,000,000 (to a total of USD \$2,000,000) in exploration and evaluation expenses before August 22, 2026.
- On May 23, 2024, the Company announced the second set of results from the recently completed Phase II drilling program at its Santa Cecilia project. The second discovery hole, 24SC-DDH-005, intercepted an interval of 120 meter (“m”) with 1.33 g/t gold (Au), 0.096% copper (Cu) at a depth of 376 m to 496 m (end of hole) ending in mineralization. A high-grade quartz vein was included within the broader interval, which returned 2.0 m of 47.90 g/t gold from 414 m. A selective sample of a 27 cm wide quartz vein from 484.63 m assayed 39.70 g/t gold. Drill hole 24SC-DDH-005 intercepted four other zones of significant gold and copper mineralization including 118 m of 0.26 g/t gold and 0.034% copper from surface. The reported intercepts from the Pircas Norte discovery demonstrate both the overall potential scale and grade of the mineralized body which remains open in all directions. At the Gemelos Norte drill hole 24SC-DDH-004 intercepted 98 m of 0.18 g/t gold and 0.043% copper (Cu) were obtained at a depth of 274 m and, 10 m of 0.36 g/t Au and 0.004% Cu at a depth of 12 m. The entire drill hole was anomalous in both copper and gold mineralization and the Gemelos Norte target remains open.
- On April 18, 2024, Torq Resources Inc. (“Torq” or the “Company”) announced the first set of results from the phase II drill program at its Santa Cecilia project (the “Santa Cecilia Project”). Drill hole 24SC-DDH-003 intercepted 0.36 g/t gold (Au) and 0.078% copper (Cu) over 502 m from 98 m down hole, including a higher-grade interval of 0.69 g/t Au and 0.10% Cu over 20 m from 354 m down hole at Pircas Norte. The drill hole ended in mineralized intrusive diorite breccia due to logistical limitations and the reported intercept remains open. These results represent a new discovery of significant gold-copper porphyry mineralization and confirm the Company’s exploration thesis for the broader Santa Cecilia project.

DATE OF INFORMATION AND CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This management’s discussion and analysis (“MD&A”) of the financial condition and results of operations of the Company together with its wholly owned subsidiaries constitutes management’s review of the factors that affected the Company’s financial and operating performance for the years ended December 31, 2024 and 2023. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 *Continuous Disclosure Obligations*. This MD&A should be read in conjunction with the Company’s audited consolidated financial statements and related notes for the years ended December 31, 2024 and 2023 (the “Financial Statements”) which have been prepared in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and IFRIC[®] Interpretations of the IFRS Interpretations Committee.

In this MD&A, unless the context otherwise dictates, a reference to “us”, “we”, “our”, or similar terms refers to the Company. The results for the periods presented are not necessarily indicative of the results that may be expected for any future period. The first, second, third and fourth quarters of the Company’s fiscal years are referred to as “Q1”, “Q2”, “Q3” and “Q4”, respectively. The years ended December 31, 2024 and 2023 are referred to as “Fiscal 2024” and “Fiscal 2023”, respectively.

All monetary amounts in the MD&A are expressed in Canadian dollars, the presentation currency of the Company, except number of shares or as otherwise indicated. References to "US\$" are to United States dollars. The functional currency of the Company and its subsidiaries is disclosed in the notes to the Financial Statements. Additional information regarding the Company is available on SEDAR+ at www.sedarplus.ca and the Company's website at www.torqresources.com. This MD&A has been prepared effective as of April 25, 2025 (the "MD&A Date").

United States readers should be aware that the Company uses mineral terminology based on the Canadian Institute of Mining and Metallurgy ("CIM"). CIM standards are not the same as those accepted by the US Securities Exchange Commission for US domestic mining company disclosure. Further details of these differences can be found in the Company's Annual Information Form filings.

Forward-looking statements and risk factors

Certain statements made in this MD&A contain forward-looking information within the meaning of applicable Canadian and United States securities laws ("forward-looking statements"). These forward-looking statements are presented for the purpose of assisting the Company's shareholders and prospective investors in understanding management's intentions and views regarding future outcomes and are inherently uncertain and should not be heavily relied upon. When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company, identify such forward-looking statements. Specific forward-looking statements in this MD&A may include, but are not limited to: the Company's ability to execute on its exploration and financing plans, the likelihood of discovering resources; the potential for access to and exploration of the Company's Margarita or Santa Cecilia projects; permitting timelines; government regulation of mining operations; environmental and climate-related risks; the possible impairment of mining interests; any objectives, expectations, intentions, plans, results, levels of activity, goals or achievements; the timing and amount of estimated exploration expenditures and capital raises for the Company; the liquidity of the common shares in the capital of the Company and other events or conditions that may occur in the future; the Company's intention to grow its business and its operations; the Company's competitive position; and changes to government regulation, in particular Chilean.

The forward-looking statements contained in this MD&A represent the Company's views as of the date hereof. The assumptions related to these plans, estimates, projections, beliefs and opinions may change without notice and in unanticipated ways. Many assumptions may prove to be incorrect, including the Company's budgeting plans, expected costs, assumptions regarding market conditions and other factors upon which the Company has based its expenditure and funding expectations; the Company's ability to obtain or renew the licenses and permits necessary for exploration; the Company's ability to complete and successfully integrate acquisitions; the possible effects of climate change, extreme weather events, water scarcity, and seismic events, and the effectiveness of strategies to deal with these issues; the Company's expectations regarding the future demand for, and supply and price of, precious and base metals; the Company's ability to recruit and retain qualified personnel; the Company's ability to comply with current and future environmental, safety and other regulatory requirements and to obtain and maintain required regulatory approvals.

Inherent in the forward-looking statements are known and unknown risks, uncertainties and other factors beyond the Company's ability to control or predict, that may cause the actual results, performance or achievements of the Company, or developments in the Company's business or in its industry, to adversely differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Some of the risks and other factors (some of which are beyond the Company's control) which could cause results to differ materially from those expressed in the forward-looking statements and information contained in this MD&A include, but are not limited to, fluctuations in the current and projected prices for gold, other precious and base metals and other commodities (such as natural gas, fuel oil and electricity) which are needed for exploration activities; risks and hazards associated with the business of mineral exploration (including environmental hazards, potential unintended releases of contaminants, industrial accidents, unusual or unexpected geological or structural formations, pressures, cave-ins and flooding); the speculative nature of mineral exploration and development; the estimation of mineral resources, the Company's ability to obtain funding, including the Company's ability to complete future equity financings; the current lack of any estimated mineralized deposit; environmental risks and remediation measures, including evolving environmental regulations and legislation; changes in laws and regulations impacting exploration activities; the Company's mineral properties being subject to prior unregistered agreements, transfers or claims and other defects in title; legal and litigation risks; statutory and regulatory compliance; insurance and uninsurable risks; the Company's limited business history and history of losses and negative cash flow, which will continue into the foreseeable future; our inability to pay dividends, volatility in the Company's share price, the continuation of our management team and our ability to secure the specialized skill and knowledge necessary to operate in the mining industry; availability of drilling equipment and other exploration equipment; timely receipt of appropriate exploration permits; relations with and claims by local communities and non-governmental organizations, including relations with and claims by indigenous populations; the requirements of being a public company, including maintaining the listing requirements TSX Venture Exchange ("TSX-V"); risks associated with the significant resources required to maintain regulatory compliance as a public company; the effectiveness of the Company's internal control over financial reporting; cybersecurity risks; risks relating to the Company's public perception; general business, economic, competitive, political and social uncertainties. This is not an exhaustive list of the risks and other factors that may adversely affect any of the Company's forward-looking statements.

Readers should refer to the risks discussed herein and in the Company's Annual Information Form for the year ended December 31, 2023, dated April 26, 2024 and subsequent disclosure filings with the Canadian Securities Administrators, available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.torqresources.com. These documents are for information purposes only and not incorporated by reference in this MD&A.

DESCRIPTION OF THE BUSINESS

Torq Resources Inc. was incorporated under the Business Corporations Act (British Columbia) and is listed on the TSX-V as a Tier 2 mining issuer. The Company's shares trade under the symbol TORQ.V in Canada and on the OTCQB under the US symbol TRBMF. The Company is principally engaged in the acquisition and exploration of mineral property interests with a focus in the Americas, particularly Chile.

A summary of the Company's subsidiaries as at December 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.

The Company's performance and quarterly results include a 25% investment in Universal Mineral Services Ltd. ("UMS Canada") which is a shared service entity accounted for using the equity method.

Qualified persons and technical disclosures

Bryan Atkinson, P.Geol., is the qualified person as defined by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* with respect to the technical disclosures in this MD&A.

MINERAL PROPERTY INTERESTS

A continuity 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	-	830,580	1,303,500
Impairment	(2,310,070)	(438,891)	-	(2,748,961)
Foreign currency translation	155,110	9,404	79,280	243,794
Balance, December 31, 2024	-	-	1,580,606	1,580,606

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, located in Chile, 65 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 (the "Margarita Project Option Agreement"), 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 were issued on March 31, 2023.

Margarita claims

On August 5, 2024, the Company amended its Margarita Project Option Agreement to extend the option by one year and to defer each of the property payments by one year. Under the terms of the amended agreement, an additional US\$300,000 (to a total of US\$1,500,000), was added to the August 22, 2025 option payment and an increase of US\$200,000 (to a total of US\$2,200,000) was added to the August 22, 2026 option payment. In addition, Torq is required to spend at least US\$1,000,000 in exploration and evaluation expenses before August 22, 2025 and an additional US\$1,000,000 (to a total of USD \$2,000,000) in exploration and evaluation expenses before August 22, 2026.

Under the amended agreement, the Company may acquire a 100% interest in the project by making cash option payments totaling US\$6,700,000 and incurring work expenditures totaling US\$5,050,000 as summarized in the table below. To the date of this MD&A, the Company has made all scheduled option payments totaling US\$500,000.

A summary of the Company's total required cash payments and work expenditures under the amended 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, 2025	1,500,000	1,000,000
August 22, 2026	2,200,000	1,000,000
August 22, 2027	2,500,000	-
	6,700,000	5,050,000

La Cototuda Claim

On February 23, 2024, the Company made a \$472,920 (US\$350,000) final cash payment thereby acquiring a 100% interest in the La Cototuda claim.

During the year ended December 31, 2024, despite the project remaining in good standing, an impairment indicator was identified on the Margarita Project. This impairment indicator was due to the Company not budgeting for or planning for further exploration and evaluation expenditures on the Margarita Project as the Company looks to focus on its more advanced Santa Cecilia Project. As a result, the Company recognized a \$2,310,070 impairment charge related to the Margarita Project for the year ended December 31, 2024.

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 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 allowed its option on the Andrea Project to lapse in order to focus and prioritize its capital allocation to its more advanced Santa Cecilia Project. As a result, the Company recognized a \$438,891 impairment charge related to the project for the year ended December 31, 2024.

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, 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. To the date of this MD&A, the Company has made all scheduled option payments totaling US\$1,000,000.

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 (paid \$830,580 and 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 meters of drilling which is a pre-requisite to exercising the option to earn 100% interest in the project. As at December 31, 2024, the Company had incurred approximately US\$12,233,000 of eligible work expenditures and drilled 3,548 meters.

On January 17, 2025, the Company entered into the Definitive Agreements with Gold Fields. Under the Definitive Agreements, Gold Fields retains the option to acquire 75% interest in Minera Santa SPA by funding an aggregate amount of US\$48 million as follows:

- Initial Equity Interest - A 10% interest by funding US\$6 million of exploration expenditures, property payments and other expenses by July 17, 2027.
- First Option - An additional 41% interest by funding an additional US\$12 million of exploration expenditures, property payments and other expenses by July 17, 2027; and
- Second Option - A final 24% interest by funding a further US\$30 million exploration expenditures, property payments and other expenses by January 17, 2031.

EXPLORATION AND EVALUATION EXPENSES

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

	Margarita Project	Andrea Project	Santa Cecilia Project	Total
	\$	\$	\$	\$
Community relations	131	-	426,204	426,335
Drilling	-	-	1,484,288	1,484,288
Environmental, permitting and concessions	16,137	-	179,187	195,324
Equipment, vehicles, rent and field supplies	7,619	33	37,176	44,828
Geological consulting, salaries, and wages	712,876	17,063	1,769,462	2,499,401
Geophysics, sampling, and assays	5,411	-	195,066	200,477
Project support	200,904	22,975	917,663	1,141,542
Share-based compensation	21,825	1,263	34,088	57,176
Travel, meals and accommodation	116,500	3,202	310,502	430,204
	1,081,403	44,536	5,353,636	6,479,575

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

	Margarita Project	Andrea Project	Santa Cecilia Project	Total
	\$	\$	\$	\$
Community relations	-	-	287,340	287,340
Drilling	831,722	-	1,867,796	2,699,518
Environmental, permitting and concessions	228,129	18,162	496,282	742,573
Equipment, vehicles, rent and field supplies	14,346	174	70,571	85,091
Geological consulting, salaries, and wages	1,339,141	35,495	2,568,601	3,943,237
Geophysics, sampling, and assays	316,898	-	525,533	842,431
Project support	885,060	53,069	1,621,897	2,560,026
Share-based compensation	322,666	17,852	430,893	771,411
Travel, meals and accommodation	331,713	19,966	1,009,939	1,361,618
	4,269,675	144,718	8,878,852	13,293,245

Exploration activities

Margarita Project

During the year ended December 31, 2024, the Company drilled two new discoveries, which included 42 m of 1.1 g/t gold and 0.48% copper in sulphide mineralization on a structure parallel to Falla 13, and 132 m of 0.48% copper in oxide mineralization on the southern portion of the project at the Cototuda target. This was following the completion of a multi-element soil geochemistry survey that identified multiple new targets and structures, which were the focus for the phase III RC drill program that began on August 17, 2023.

New Targets

Several geochemical targets were identified proximal to the Falla 13 discovery on the Margarita Project, which included intercepts of 90 m of 0.94% copper and 0.84 g/t gold (22MAR-013R) and 98 m of 0.68% copper and 0.94 g/t gold (22MAR-014R) within a defined 800 m long mineralized body. The results of the phase II drill program demonstrated that the mineralized system is open along strike to the north-northwest, with the most northerly drill hole, 22MAR-022R, intersecting 48 m of 0.37 g/t gold and 0.26% copper (including 20 m of 0.47 g/t gold and 0.35% copper). Gold geochemistry results have supported the potential to expand mineralization along strike to the north-northwest by 500 m, with gold values in soils observed to the north being comparable to those observed over the Falla 13 discovery.

The Company believes there is the potential for flat lying Manto-style mineralization immediately to the west of the Falla 13 discovery area, where drilling and mapping have defined a mineralized permeable contact horizon between the volcanics and intrusives, located at a depth of approximately 100 m. In this case, the sub-vertical Falla 13 structure acts as a feeder where ascending mineralized hydrothermal fluids can flow laterally along the permeable contact between the volcanics and intrusives, demonstrating the potential to extend the known mineralization considerably. In addition, a second parallel structure has been recognized 300 m to the east of Falla 13 structural corridor. Gold geochemistry results from the parallel structure are consistent with results observed along the Falla 13 discovery and provide a 500 m long north-northwest oriented target that is undrilled. Finally, the west-northwest structures that link the two parallel structures are all deemed to be targets, with drill hole 22MAR-023 intersecting 130 m of 0.36 g/t gold and 0.28% copper (including 30 m of 1.02 g/t gold and 0.57% copper) across one of the west-northwest oriented structures.

The gold geochemistry results delineated five target areas that had not been previously drill tested. This included three of the five targets, namely: the Remolino; Margarita North; and Cototuda targets, which were all focuses of the phase III drill program. The additional two targets are prominent gold-in-soil anomalies that are in the northern third of the project, within areas of generally poor outcrop exposure, and are currently considered early-stage. The Company plans to conduct additional mapping to advance these targets to drill stage.

Santa Cecilia Project

During the year ended December 31, 2023, the Company completed its inaugural drill program at Santa Cecilia, the first comprehensive drilling on the project in over 30 years. It intercepted 557 m of 0.38 g/t gold, 0.23% copper and 56 ppm molybdenum in wall rock at a depth of 442 m - 999 m. This intercept bottomed in grade and represented an 81% increase in the gold grade from historical drilling, indicating that Torq may be vectoring toward the higher-grade causative intrusion. The Company identified a number of undrilled porphyry targets with copper mineralization on surface within 1 km - 2 km of the Norte Abierto project, owned jointly by Newmont and Barrick, creating a pipeline of additional targets.

On February 13, 2024, the Company announced it had commenced drilling at Santa Cecilia on one of these undrilled porphyry targets, Pircas Norte, which has a defined geochemical anomaly below surface. Approximately 1,500 m of drilling was completed on three drill holes.

Identification of Copper Porphyry Targets

During the year ended December 31, 2023, the Company completed a 1:5000 scale geological mapping program across the project area. The results of the soil survey are based on a total of 1,880 soil samples that were collected on a 70 m by 70 m grid across the Santa Cecilia hydrothermal system and identified seven distinct porphyry targets. Significant results of gold-copper-molybdenum anomalies that are interpreted to be directly associated with porphyry mineralization were identified at both the Pircas Norte and Gemelos Norte targets in areas of extensive colluvium in the eastern area of the property and had dimensions of 750 m by 700 m and 700 m by 700 m respectively. In addition, a third target area was identified late in the field season at Filo Gemelos where an area of elevated gold and molybdenum values over an area of 450 m by 300 m.

The results from initial rock sampling programs consisted of 196 samples from the Pircas Norte and Gemelos Norte targets from the eastern region of Santa Cecilia identified mineralized porphyry bodies on surface and positively corroborated the soil geochemistry results, building confidence in the target areas that will be prioritized for future drilling. The highlights from selective rock sampling targeting porphyry-style veining included gold grades of 0.3 g/t to 0.83 g/t in banded quartz-magnetite-pyrite veinlets with copper grades ranging from 438 ppm to 0.44% at Pircas Norte and at the Gemelos Norte targets. Rock sampling targeting porphyry style veining included gold grades of 0.13 g/t to 1.49 g/t within dioritic and dacitic porphyry bodies, respectively. In addition, at Gemelos Norte, two epithermal veins sampled on the southwestern edge of the target area had gold grades of 12.05 g/t and 3.36 g/t and copper grades of 2.3% and 285 ppm, respectively. At Filo Gemelos initial rock samples of banded quartz veinlets had gold grades of up to 0.11 g/t and 0.26 g/t.

Inaugural Drill Program

During the third quarter of 2023, the Company announced drill results from its first two drill holes at Santa Cecilia, which were located at the Cerro del Medio target, where a 2012 historical drill hole (CDM-12-003) intersected 925.7 m of 0.21 g/t gold, 0.27% copper and 82 ppm molybdenum within wall rock. The purpose of Torq's two drill holes was to identify higher grade mineralization and to potentially find a causative intrusion responsible for the mineralization observed in CDM-12-003. The results from the Company's drill holes, 23SC-DDH-001 and 23SC-DDH-002, included 476.3 m of 0.23 g/t gold, 0.22% copper and 93 ppm molybdenum at a depth of 584 m - 1,060.3 m and 557 m of 0.38 g/t gold, 0.23% copper and 56 parts ppm molybdenum at a depth of 442 m - 999 m, respectively.

Drill hole 23SC-DDH-002 was drilled to cross a prominent northeast trending structural corridor, zones of local stockwork veining and an associated gold-in-soils geochemical anomaly. It bottomed in mineralization and successfully extended the porphyry-style mineralization in wall rock by 170 m southeast and 500 m vertically, upward from the 2012 historical intercept, CDM-12-003. The intercept accomplished two goals for the Company; a significant increase in grade and confirmation of porphyry style mineralization at higher elevations that remain open upward, downward and laterally. Importantly, the increased grade observed within wall rock mineralization provides a clear vector toward the south and east and suggests the existence of a potentially higher-grade causative intrusion that has not yet been found.

Drill hole 23SC-DDH-001 was drilled to cross a prominent northeast trending structural corridor, zones of local stockwork veining and an associated gold-in-soils geochemical anomaly. It bottomed in mineralization and successfully extended the porphyry-style mineralization in wall rock 300 m east from the 2012 historical intercept, CDM-12-003. The porphyry mineralization is primarily hosted in potassically altered andesitic and sandstone basement units. No causative intrusion was encountered in this drill hole, although three phases of porphyry dykes were intercepted, demonstrating a multi-phase porphyry system.

Early 2024 Drill Program

Torq completed a drill program at Santa Cecilia that was focused primarily on the eastern region of the project, at the Pircas Norte and Gemelos Norte targets, which are situated approximately 1.5 km to the west of Norte Abierto's Caspiche deposit. The Pircas Norte target is characterized by outcropping copper porphyry mineralization and an overlapping gold, copper and molybdenum soil anomaly on surface that is approximately 600 m by 600 m with selective rock samples within a dioritic porphyry ranging between 0.3 - 0.83 g/t gold. Subsurface, the Pircas Norte target is associated with a strong magnetic response, low conductivity values, and moderate chargeability values. The magnetic anomaly and low conductivity values are interpreted to be associated with the diorite porphyry body and associated potassic alteration that is viewed on surface. Finally, the moderate chargeability values at Pircas Norte are interpreted to be the centre of a gold - copper mineralized system that is flanked by high chargeability areas which may represent a pyrite halo to the main porphyry body.

Drill discovery hole 24SC-DDH-003 intercepted 0.36 g/t gold (Au) and 0.078% copper (Cu) over 502 m from 98 m down hole, including a higher-grade interval of 0.69 g/t Au and 0.10% Cu over 20 m from 354 m down hole at Pircas Norte. The drill hole ended in mineralized intrusive diorite breccia due to logistical limitations and the reported intercept remains open. These results represent a new discovery of significant gold-copper porphyry mineralization and confirm the Company's exploration thesis for the broader Santa Cecilia project.

The second discovery hole, 24SC-DDH-005, intercepted an interval of 120 m with 1.33 g/t gold (Au), 0.096% copper (Cu) at a depth of 376 m to 496 m (end of hole) ending in mineralization. A high-grade quartz vein was included within the broader interval, which returned 2.0 m of 47.90 g/t gold from 414 m. A selective sample of a 27 cm wide quartz vein from 484.63 m assayed 39.70 g/t gold. Drill hole 24SC-DDH-005 intercepted four other zones of significant gold and copper mineralization including 118 m of 0.26 g/t gold and 0.034% copper from surface. The hole was drilled 315 m southeast East of the previously announced 502 m of 0.36 g/t gold and 0.078% copper intercept from 23SC-DDH-003 (see April 18, 2024 News Release). The reported intercepts from the Pircas Norte discovery demonstrate both the overall potential scale and grade of the mineralized body which remains open in all directions. The Company is encouraged by the results to date from the limited drilling at both Pircas Norte and Gemelos Norte and is currently planning additional drilling with a particular focus on the high-grade broad gold mineralization seen at Pircas Norte.

The main exploration target of Gemelos Norte is exposed in the new access road in the Eastern flank of the main hill. It consists of a quartz banded veinlet (BQV) zone that extends about 150 m along the new road. The BQV system, hosted by rhyodacite dome, are represented by sheeted veinlets or locally stockworks of very fine veinlets (0.2 - 0.5 mm width) and thin veinlets (<2 mm width), that exhibits a subparallel arrangement, and locally multidirectional. The veinlets show orientation's NNE, NE and EW.

At the Gemelos Norte drill hole 24SC-DDH-004 intercepted 98 m of 0.18 g/t gold and 0.043% copper (Cu) were obtained at a depth of 274 m and, 10 m of 0.36 g/t Au and 0.004% Cu at a depth of 12 m (Table 2). The entire drill hole was anomalous in both copper and gold mineralization and the Gemelos Norte target remains open.

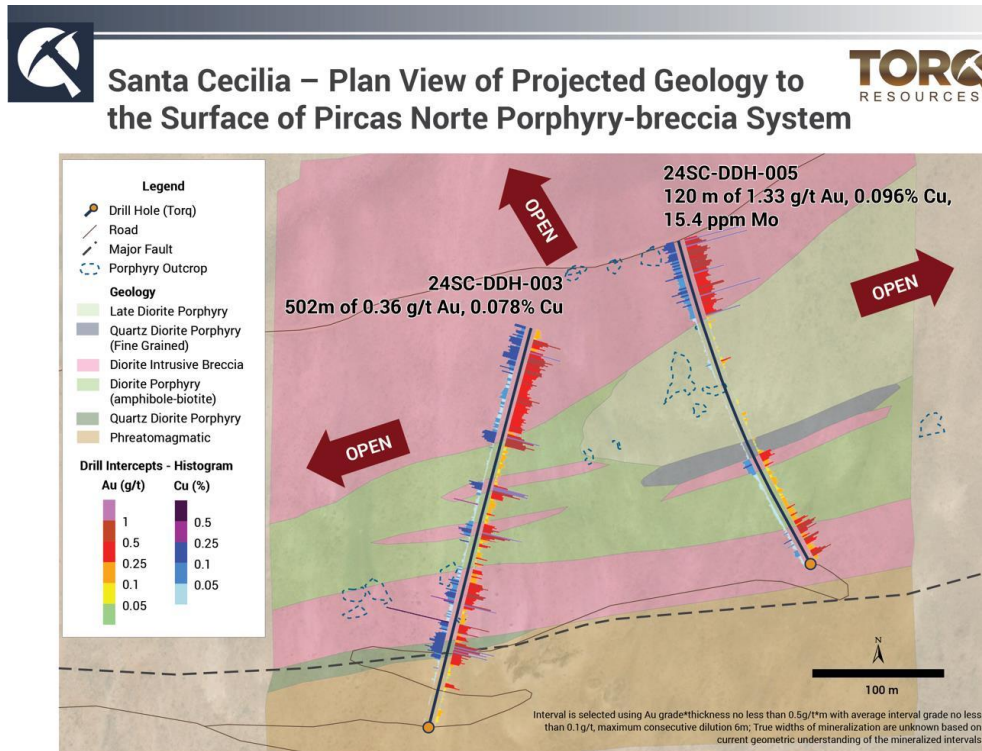


Figure 2.- illustrates the position of the discovery holes, 24SC-DDH-003 and 24SC-DDH-005 located at Pircas Norte Porphyry-breccia System.

Drilling Program in Early 2025

Since February 2025, Torq has been conducting its third drill program at Santa Cecilia, focusing on the Pircas Norte and Gemelos Norte targets, located approximately 1.5 km west of the Caspiche deposit at the Norte Abierto mine.

At the Pircas Norte target, two holes were drilled:

- 25SC-DDH-006: which continued drilling down hole 24SC-DDH-005 to assess the mineralization of the latter.
- 25SC-DDH-008: which sought to define the continuity of the Pircas Norte orebody to the west.

At the Gemelos Norte target, three holes were drilled:

- 25SC-DDH-007: which cut a 586 m section (still without laboratory results) (from 313 m to 899 m) of porphyry phases and mineralization of interest.

This result justified the execution of the following two additional holes on the same target:

- 25SC-DDH-009: which is a continuation and deepening of hole 24SC-DDH-004, seeking to reach, at greater depth, the same porphyry mineralization fronts revealed by hole 25SC-DDH-007.
- 25SC-DDH-010: 300 m northeast of 25SC-DDH-007, heading toward Caspiche, which seeks to evaluate the same porphyry mineralization fronts as 25SC-DDH-007 in this distant sector from where it was discovered.

The first results from this campaign (drill 25SC-DDH-007) are expected in early May 2025.

Climate related risks

The Company recognizes the impact of climate change on weather patterns in its projects. The Company's projects are all located in northern Chile, but in different geographical and altitude conditions. For this reason, local conditions vary, and specific care and protocols must be applied accordingly. It is evident that there have been climatic changes that affect the entire national territory, including persistent drought and a change of climate for the seasons that were clearly defined more than a decade ago. This has produced two fundamental effects: less water resources in rivers, lakes and lagoons, and changing consequences of rain events in desert lands, producing mud currents, which in recent years have had a significant impact on some rivers in the northern part of the country.

At Margarita, due to its position and relatively low altitude, no major climate-related challenges are being experienced or expected imminently. There is a general decrease in water availability and a risk of mud currents in the lower sectors, especially those related to smaller courses such as the Salado River 60 km north of Inca de Oro or the Copiapo River 100 km to the south of the project. However, it is possible to access the property and work effectively throughout the year. At Santa Cecilia, the Company is able to carry out field activities up until the winter season commenced in early June.

The Company is taking extensive measures to prioritize safe access to the two projects for all personnel working in each area. The field experience of the local teams and the knowledge of neighboring projects play a fundamental role in this care, and in the proactive management of the risks associated with working in remote exploration areas, particularly for the Santa Cecilia project, with the access limitations and closing for the winter seasons due to their weather conditions.

SELECTED ANNUAL INFORMATION

	Fiscal 2024	Fiscal 2023	Fiscal 2022
	\$	\$	\$
Mineral property interests	1,580,606	2,782,273	2,012,368
Operating expenses	11,869,908	18,701,215	11,899,549
Comprehensive loss	12,247,724	19,269,891	11,577,306
Basic and diluted loss per share	0.09	0.18	0.13
Total assets	2,401,302	4,206,047	15,605,744
Total non-current liabilities	-	1,969,137	1,966,710

The Company's net loss and comprehensive loss and operating expenses decreased primarily due to lower exploration and evaluation expenses associated with the Margarita and Santa Cecilia projects due to management's decision to conserve cash. Total assets decreased primarily due to impairment of Margarita Project during Fiscal 2024.

Due to its maturity date of July 11, 2025, the Loan Facility is included within current liabilities as at December 31, 2024. Subsequent to December 31, 2024, the Company entered into an agreement with the Lender to extend the maturity date of the Loan Facility from July 11, 2025, to July 11, 2026, see Subsequent Transactions section, below.

On January 17, 2025, the Loan Payable, including any accrued interest, was converted to form part of the required funding under the Definitive Agreements. As a result, the Loan Payable is included within current liabilities as at December 31, 2024.

SUMMARY OF QUARTERLY RESULTS

The following table shows results from the previous eight fiscal quarters:

Period ending	Interest income	Net loss	Comprehensive loss	Net loss per share
	\$	\$	\$	\$
December 31, 2024	1,714	3,991,185	3,937,228	0.03
September 30, 2024	4,472	1,688,073	1,641,869	0.01
June 30, 2024	10,614	2,051,916	2,036,674	0.02
March 31, 2024	46,738	4,683,150	4,631,953	0.04
December 31, 2023	20,569	3,189,012	3,248,041	0.03
September 30, 2023	76,440	4,777,697	4,925,206	0.04
June 30, 2023	132,044	6,129,807	5,962,894	0.06
March 31, 2023	145,585	5,115,124	5,133,750	0.05

The summary of last eight quarters reflects significant losses as the Company began surface exploration at the projects which were optioned during 2021. The net losses are higher in the periods where drill programs took place such as Q1 and Q2 2023 and Q1 2024. To support these activities during Q1 and Q2 2023 there were increases in fees, salaries and other employee benefits; office and administration costs; as well as marketing and investor relations. The losses decreased during Q2 and Q3 2024 as the Company was not drilling at Santa Cecilia or Margarita during this period. In addition, during 2024 the Company enacted significant cash conservation measures, including a 50% pay-cut for all salaried North American senior executives and reduced spending on discretionary marketing.

The loss increased during Q4 2024 primarily due the Company recognizing a \$2,310,070 impairment charge related to the Margarita Project as it plans to focus its resources and expenditures on the more advanced Santa Cecilia Project.

PERFORMANCE

	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023
	\$	\$	\$	\$
Operating expenses				
Exploration and evaluation expenses	1,075,805	1,767,108	6,479,575	13,293,245
Fees, salaries and other employee benefits	272,177	513,844	1,250,695	2,821,459
Impairment of mineral property interests	2,310,070	-	2,748,961	-
Legal and professional fees	173,534	37,688	455,336	423,316
Marketing and investor relations	1,923	303,335	317,423	1,243,429
Office and administration	84,631	156,178	465,635	673,548
Project investigation	740	41,957	41,886	136,417
Regulatory and transfer agent	34,097	19,663	110,397	109,801
	3,952,977	2,839,773	11,869,908	18,701,215
Other expenses (income)				
Accretion expense	87,017	82,801	324,343	317,848
Foreign exchange loss (gain)	(116,096)	42,906	12,850	135,100
Gain on sale of equipment	(19,123)	-	(20,682)	-
Interest expense	98,547	56,712	270,040	225,000
Interest income	(1,714)	(20,569)	(63,538)	(374,638)
Net loss (gain) from equity investment	(10,423)	(14,694)	21,403	5,033
Net loss on extinguishment of loan facility	-	202,082	-	202,082
Net loss	3,991,185	3,189,011	12,414,324	19,211,640

Q4 2024 compared to Q4 2023

The net loss increased to \$3,991,185 compared to \$3,189,011 in the prior year comparable period. The primary drivers of this increase in net loss were as follows:

- Impairment of mineral property interests was \$2,310,070 compared to \$nil in the prior year comparable period. The Company fully impaired its Margarita Project as despite the project remaining in good standing, an impairment indicator was identified due to a lack of exploration expenditures budgeted for or planned for, with the Company focusing its resources and expenditures on the more advanced Santa Cecilia Project.
- Legal and professional fees increased to \$173,534 compared to \$37,688 in the prior year comparable period primarily due to the additional costs incurred in the current period as the Company completed the Definitive Agreements with Gold Fields.
- Interest expense increased to \$98,547 compared to \$56,712 in the prior year comparable period due to a \$300,000 additional draw down on the Loan Facility made in August 2024, resulting in additional interest expense on this amount, and additional interest on the Loan Payable entered into with Gold Fields in the current period.

Partially offsetting the increases in the net loss during Q4 2024 were:

- Exploration and evaluation expenses decreased to \$1,075,805 compared to \$1,767,108 in the prior year comparable period as the Company completed drilling programs at the Santa Cecilia and Margarita projects in Q4 2023, while for Q4 2024 the Company was not drilling on either of its projects.
- Fees, salaries and other employee benefits decreased to \$272,177 compared to \$513,844 in the prior year comparable period primarily due to a decrease in administrative services following the completion of the drilling program at the Santa Cecilia Project, as well as managements cash conservation measures including a 50% pay cut for all salaried North American senior executives and a reduction in share-based compensation expense in Q4 2024.
- Marketing and investor relations decreased to \$1,923 compared to \$303,335 in the prior year comparable period primarily due to management's cash conservation efforts and a reduction in the share-based compensation expense in the current period.
- Office and administration decreased to \$84,631 compared to \$156,178 in the prior year primarily due to management's cost saving initiatives in the current period.

Fiscal 2024 compared to Fiscal 2023

The net loss decreased to \$12,414,324 compared to \$19,211,640 in the prior year comparable period. The primary drivers of this decrease in net loss were as follows:

- Exploration and evaluation expenses decreased to \$6,479,575 compared to \$13,293,245 in the prior year comparable period due to the Company conducting its inaugural drill program at the Santa Cecilia project and the phase III drilling program at Margarita in 2023, the phase II program for Santa Cecilia conducted in 2024 was more targeted, resulting in a significant reduction in exploration and evaluation expenses during the current period. In addition, there was a significant reduction in share-based compensation expense allocated to exploration and evaluation expenses in the current year.
- Fees, salaries and other employee benefits decreased to \$1,250,695 compared to \$2,821,459 in the prior year comparable period primarily due to a decrease in administrative services following the completion of the inaugural drilling program at the Santa Cecilia Project, management's cash conservation measures, including a 50% pay cut for all salaried North American senior executives and a significant reduction in share-based compensation expense which fell from \$1,272,818 to \$157,889 following a significant option grant to directors, officers and employees in the prior year comparable period.
- Marketing and investor relations decreased to \$317,423 compared to \$1,243,429 in the prior year comparable period primarily due to management's cash conservation efforts and a reduction in the share-based compensation expense in the current year.
- Office and administration decreased to \$465,635 compared to \$673,548 in the prior year primarily due to management's cost saving initiatives in the current year.
- Project investigation decreased to \$41,886 compared to \$136,417 in the prior year primarily due to the Company focusing on the current drilling programs and reduced efforts to explore other projects in the current year.
- Loss on extinguishment of loan facility was \$nil compared to \$202,082 in the prior year comparable period as the Company did not amend the terms of the loan agreement in the current year.

Partially offsetting the decrease in net loss during Fiscal 2024 were:

- Impairment of mineral property interests was \$2,310,070 compared to \$nil in the prior year comparable period. The Company fully impaired its Margarita Project as despite the project remaining in good standing, an impairment indicator was identified due to a lack of exploration expenditures budgeted for or planned for, with the Company focusing its resources and expenditures on the more advanced Santa Cecilia Project.
- Interest income decreased to \$63,538 compared to \$374,638 in the prior year comparable period primarily due to lower average savings account balances in the current year.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company's primary sources of liquidity are equity issuances, the Loan Facility and the Loan Payable. The funds are used to finance working capital, explore mineral properties and to make certain annual payments to ensure that all the Company's mineral properties remain in good standing.

A summary of the Company's cash position and changes in cash is as follows:

	Fiscal 2024	Fiscal 2023
	\$	\$
Cash used in operating activities	(7,083,461)	(16,701,039)
Cash used in investing activities	(1,113,145)	(491,929)
Cash provided by financing activities	8,286,870	5,216,319

Cash used in operating activities decreased to \$7,083,461 from \$16,701,039 in the prior year comparable period. The lower cash outflow was primarily due to a significant decrease in exploration and evaluation activities and administrative services associated with the more targeted drilling program at the Santa Cecilia Project.

Cash used in investing activities was \$1,113,145 compared to \$491,929 in the prior year comparable period. The increase in cash used was primarily due to option payments made for the Margarita and Santa Cecilia Project, and lower interest income following lower average savings accounts balances in the current period offset by proceeds received from the sale of equipment in the current period.

Cash provided by financing activities increased to \$8,286,870 from \$5,216,319 in the prior year comparable period primarily due to the \$300,000 draw down on the Loan Facility and the \$2,529,784 (US\$1,810,000) Loan Payable with Gold Fields. The cash provided through private placements, net of issuance costs was comparable between Fiscal 2024 and Fiscal 2023.

The Company has incurred operating losses to date and does not generate revenue from operations to support its activities. With no source of revenue, there is no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. The ability to continue as a going concern remains dependent upon Torq's ability to obtain the financing necessary to continue to fund its mineral properties, 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 on the Company's ability to continue as a going concern.

Capital resources

Loan Payable

On October 17, 2024, the Company entered the Loan Payable with Gold Fields for up to an aggregate amount of US\$1,810,000 (CAD\$2,529,784). The Loan Payable was drawn in tranches. The Loan Payable is to be funded in an immediate amount of US\$600,000 (CAD\$828,120) with an additional credit facility allowing Torq to draw-down further amounts to a maximum additional amount of US\$1,210,000 (CAD\$1,670,042) to advance the approved programs on the Santa Cecilia Project.

August 26, 2024 Loan Facility draw down

On August 26, 2024, the Company drew down \$300,000 and issued 3,750,000 share purchase warrants exercisable at \$0.08 per common share until July 11, 2025. Due to the loan facility having a maturity of less than year, the fair value of the draw down was deemed to be equal to the \$300,000 cash received, the Company allocated \$300,000 of the draw down to the loan facility based on its estimated fair value and \$nil to the share purchase warrants being the residual amount. The funds were used for working capital purposes.

August 26, 2024 private placement

On August 26, 2024, the Company closed the second tranche of a non-brokered private placement for gross proceeds of \$85,000 through the issuance of 850,000 units at a price of \$0.10 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each whole share purchase warrant is exercisable into one common share at an exercise price of \$0.15 per common share until August 26, 2025. The Company attributed fair value of \$68,000 of the gross proceeds to share capital and a residual value of \$17,000 to the warrants issued. The Company incurred no share issuance costs in connection with the closing of the second tranche of the private placement. The funds were used for working capital purposes.

July 2, 2024 private placement

On July 2, 2024, the Company closed the first tranche of a non-brokered private placement for gross proceeds of \$464,530, through the issuance of 4,645,300 units at a price of \$0.10 per unit. Each unit consists of one common share and one-half common share purchase warrant. Each whole share purchase warrant is exercisable into one common share at an exercise price of \$0.15 per common share until June 27, 2025. The Company attributed fair value of \$418,077 of the gross proceeds to share capital and a residual value of \$46,453 to the warrants issued. In connection with the private placement, the Company incurred cash issuance costs of \$15,028 and issued 108,000 non-transferable finders' warrants with a fair value of \$3,452. Each finders' warrant is exercisable at a price of \$0.10 per common share and expires on July 27, 2025. The funds were used for working capital purposes.

January 4, 2024, public and private placement

On January 4, 2024, the Company 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. The Company incurred issuance costs of \$601,671 comprised of cash issuance costs of \$488,789 and finders' warrants with a fair value of \$112,882. The Company issued 1,084,814 finders' warrants exercisable at a price of \$0.23 per common share with an expiry date of January 4, 2026.

A summary of net proceeds is as follows:

	Proceeds
	\$
Units issued at \$0.23 per unit	5,337,578
Unit Issuance costs	(488,789)
Net proceeds	4,848,789
Actual use of proceeds:	
Margarita option payment	(472,920)
Santa Cecilia Project	(3,043,291)
Margarita Project	(732,578)
General working capital	(600,000)
Funds remaining as at December 31, 2024	-

Future option payments

A summary of scheduled option payments on mineral property interests are as follows:

	Margarita Project	Santa Cecilia Project	Total
	US\$	US\$	US\$
2025	1,500,000	1,000,000	2,500,000
2026	2,200,000	3,000,000	5,200,000
2027	2,500,000	5,000,000	7,500,000
2028	-	15,000,000	15,000,000

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 is as follows:

	Fiscal 2024	Fiscal 2023
	\$	\$
Exploration and evaluation expenses	251,423	601,510
Fees, salaries and other employee benefits	284,783	706,857
Legal and professional fees	41,669	15,878
Marketing and investor relations	90,538	195,948
Office and administration	279,998	488,981
Project investigation	76	33,358
Unit issuance costs	264	6,982
	948,751	2,049,514

As at December 31, 2024, included in the Company's accounts payable and accrued liabilities was \$316,274 (December 31, 2023 - \$175,417) and in prepaid expenses and deposits was \$55,986 (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, unless otherwise noted.

The Company issues options to certain UMS Canada employees including key management personnel of the Company. During year ended December 31, 2024, the Company recognized a share-based compensation expense of \$45,438 (2023 - \$783,451) in respect of stock options granted to UMS Canada employees.

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 is as follows:

	Fiscal 2024	Fiscal 2023
	\$	\$
Exploration and evaluation expenses	378,937	596,672
Fees, salaries and other employee benefits ⁽¹⁾	501,635	792,194
Share-based compensation	108,881	1,521,526
	989,453	2,910,392

(1) During the year ended December 31, 2024, included in fees, salaries and other employee benefits was a total of \$126,468 (2023 - \$135,703) paid to the Company's directors and officers for services rendered during the period.

On January 4, 2024, in connection with the Offering, three directors of the Company purchased an aggregate of 575,000 units in the Offering for gross proceeds of \$132,250.

On July 2, 2024, two directors of the Company purchased an aggregate of 1,500,000 units in the first tranche of the private placement for gross proceeds of \$150,000.

On August 26, 2024, one directors of the Company purchased an aggregate of 850,000 units in the second tranche of the private placement for gross proceeds of \$85,000.

As at December 31, 2024, accounts payable and accrued liabilities contain amounts due to key management personnel of \$443,100 (December 31, 2023 - \$nil). The amounts have no specified terms of repayment and are due upon demand.

OFF-BALANCE SHEET ARRANGEMENTS

The Company had no off-balance sheet arrangements as at December 31, 2024 and as at the MD&A date.

SUBSEQUENT TRANSACTIONS

On March 23, 2025, the Company entered into an agreement with the Lender to extend the maturity date of the Loan Facility from July 11, 2025, to July 11, 2026. In consideration of the extension, the Company agreed to replace the 7,500,000 share purchase warrants that were previously issued to the Lender with 46,666,667 common share purchase warrants exercisable at \$0.06 per common share until July 11, 2026. In addition, the interest rate on the Loan Facility will increase to 12% per annum from 9% per annum starting July 11, 2025, and the Lender will receive a \$30,000 payment in consideration of a recent security priority waiver and a default waiver.

On March 25, 2025, the Company announced a non-brokered private placement for gross proceeds of \$2,000,000, through the issuance of 33,333,333 units at a price of \$0.06 per unit. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable into one common share at an exercise price of \$0.12 per common share at any time on or before the date which is 24 months from the closing. The proposed use of proceeds is to finance general working capital.

On March 25, 2025, the Company announced its intention to settle certain account payable balances in shares, this settlement is expected to close in conjunction with the aforementioned private placement, subject to TSXV approval.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The Company's significant accounting judgements and sources of estimation uncertainty are disclosed in the notes to the Company's Financial Statements.

CHANGES IN ACCOUNTING POLICIES

The Company has reviewed new and revised accounting pronouncements that are effective for annual periods beginning on or after January 1, 2024. See the Financial Statements for details of the new and revised accounting policies.

The Company has not early adopted any other new accounting standard, interpretation or amendment that has been issued but is not yet effective.

FINANCIAL RISK MANAGEMENT

As at December 31, 2024, the Company's financial instruments consist of cash, amounts receivable, deposits, accounts payable and accrued liabilities, loan facility and loan payable; all of these financial instruments are classified as and measured at amortized cost. The fair values of cash, deposits, amounts receivable, accounts payable and accrued liabilities loan facility and loan payable 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 December 31, 2024, the Company had cash of \$538,284 (December 31, 2023 - \$487,970) to settle accounts payable and accrued liabilities of \$2,599,134 (December 31, 2023 - \$1,198,982), loan facility of \$2,593,480 (December 31, 2023 - \$1,969,137), and loan payable of \$2,639,320 (December 31, 2024 - \$nil) 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.

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 December 31, 2024, expressed in Canadian dollars is as follows:

	USD	CLP
	\$	\$
Financial assets		
Cash	45	472,910
Amounts receivable	-	16,923
Financial liabilities		
Accounts payable and accrued liabilities	(143,443)	(1,301,054)
Loan payable	(2,639,320)	-
Net financial liabilities	(2,782,718)	(811,221)

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 \$340,914 to the Company's loss and comprehensive loss.

OUTSTANDING SHARE DATA

A summary of the Company's issued and outstanding securities is as follows:

	December 31, 2024	MD&A Date
	#	#
Common shares	139,070,290	139,070,290
Share purchase options	6,220,000	6,220,000
Share purchase warrants	51,248,707	43,614,273
	196,538,997	188,904,563

DISCLOSURE CONTROLS AND PROCEDURES

As defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, disclosure controls and procedures require that controls and other procedures be designed to provide reasonable assurance that material information required to be disclosed is duly gathered and reported to senior management in order to permit timely decisions and timely and accurate public disclosure.

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The Financial Statements have been prepared by management in accordance with IFRS Accounting Standards as issued by the IASB and in accordance with accounting policies set out therein.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, have evaluated the design of the Company's disclosure controls and procedures and the design of internal controls over financial reporting as required by Canadian securities laws, and have concluded that such procedures are adequate to ensure accurate and complete disclosures in public filings.

There are inherent limitations in all control systems and no disclosure controls and procedures can provide complete assurance that no future errors or fraud will occur. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR+ website at www.sedarplus.ca under the Company's profile.

On behalf of the Board of Directors,

"Shawn Wallace"

Shawn Wallace

Chief Executive Officer and Chair

April 25, 2025