



TORQ RESOURCES INC.

Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2026 and 2025

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Six Months Ended June 30, 2026 and 2025

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Torq Resources Inc. for the interim periods ended June 30, 2026 and 2025, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and are the responsibility of management.

The independent auditors, Deloitte LLP, have not performed a review of these unaudited condensed interim consolidated financial statements.

August 26, 2026

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

	Note	June 30, 2026	December 31, 2025
		\$	\$
ASSETS			
Current			
Cash	6(c)	731,089	2,451,173
Amounts receivable		151,463	9,147
Prepaid expenses and deposits	13(a)	148,807	83,463
		1,031,359	2,543,783
Investment in associate	5	99,008	101,310
Equipment		29,501	28,454
Mineral property interests	6	2,983,706	2,882,906
Total assets		4,143,574	5,556,453
LIABILITIES			
Current			
Accounts payable and accrued liabilities	6(c)	3,259,644	3,023,456
Promissory note		90,794	85,795
Loan facility	8	2,795,812	2,727,869
Loan payable	9	-	-
Total liabilities		6,146,250	5,837,120
SHAREHOLDERS' DEFICIENCY			
Share capital	10(b)	81,209,589	81,209,589
Stock options and warrants reserve		16,321,837	16,202,228
Other equity reserve	12	18,820,017	16,484,981
Accumulated other comprehensive income		970,591	35,198
Deficit		(118,482,446)	(113,758,118)
Equity (deficiency) attributable to shareholders of the Company		(1,160,412)	173,878
Non-controlling interest	11	(842,264)	(454,545)
Total shareholders' deficiency		(2,002,676)	(280,667)
Total liabilities and shareholders' deficiency		4,143,574	5,556,453

Nature of operations and going concern (Note 1)
Subsequent event (Note 17)

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

_____ /s/ "Shawn Wallace" CEO and Director	_____ /s/ "Carolina Vargas" Director
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Torq Resources Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars, except number of shares)

		Three months ended June 30,		Six months ended June 30,	
	Note	2026	2025	2026	2025
		\$	\$	\$	\$
Operating expenses					
Exploration and evaluation expenses	7, 13(a)	948,563	5,309,145	3,241,848	8,093,103
Fees, salaries and other employee benefits	13	289,121	264,039	585,552	518,290
Legal and professional fees	13(a)	43,543	177,504	137,501	280,686
Marketing and investor relations		53,558	13,193	113,969	14,040
Office and administration	13(a)	96,605	133,944	180,704	213,761
Regulatory and transfer agent fees		11,881	13,099	46,318	38,779
		1,443,271	5,910,924	4,305,892	9,158,659
Other expenses (income)					
Accretion expense	8	34,368	33,502	67,943	120,875
Foreign exchange loss		32,019	29,248	65,530	63,727
Gain on sale of equipment		-	(12,447)	-	(12,447)
Interest expense		90,751	62,366	180,640	134,921
Interest income		(5,773)	(7,947)	(10,753)	(16,620)
Loss on disposal of subsidiary	6(a)	458,866	-	458,866	-
Loss on extinguishment of loan facility	8	-	-	-	121,531
Loss on share-for-debt settlement		-	591,229	-	591,229
Share of loss from investment in associate	5	2,201	2,780	2,302	3,442
Net loss		2,055,703	6,609,655	5,070,420	10,165,317
Other comprehensive loss (income)					
Items that may be reclassified subsequently to loss:					
Currency translation differences		(807,518)	56,863	(893,766)	58,964
Comprehensive loss		1,248,185	6,666,518	4,176,654	10,224,281
Net loss attributed to:					
Shareholders of the Company		1,943,893	6,441,438	4,724,328	9,997,100
Non-controlling interest		111,810	168,217	346,092	168,217
		2,055,703	6,609,655	5,070,420	10,165,317
Comprehensive loss attributed to:					
Shareholders of the Company		1,094,520	6,486,053	3,788,935	10,043,816
Non-controlling interest		153,665	180,465	387,719	180,465
		1,248,185	6,666,518	4,176,654	10,224,281
Net loss per share:					
Basic and diluted		0.01	0.04	0.03	0.07
Weighted average number of common shares:					
Basic and diluted		185,897,146	151,405,460	185,897,146	145,271,950

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)

	Six months ended June 30,	
	2026	2025
	\$	\$
Operating activities		
Net loss	(5,070,420)	(10,165,317)
Adjustments for:		
Accretion expense	67,943	120,875
Depreciation	-	2,300
Gain on sale of equipment	-	(12,447)
Interest expense	180,640	134,921
Interest income	(10,753)	(16,620)
Loss on disposal of subsidiary	458,866	-
Loss on extinguishment of loan facility	-	121,531
Loss on share-for-debt settlement	-	591,229
Net loss from investment in associate	2,302	3,442
Share-based compensation	119,609	-
Unrealized foreign exchange gain	(23,464)	(16,124)
Changes in non-cash working capital:		
Amounts receivable	4,258	1,854
Prepaid expenses and deposits	(64,066)	(26,722)
Accounts payable and accrued liabilities	226,510	1,194,248
Cash used in operating activities	(4,108,575)	(8,066,830)
Investing activities		
Interest income received	10,753	16,620
Proceeds from sale of equipment	-	21,636
Cash provided by investing activities	10,753	38,256
Financing activities		
Payment made on the loan facility	-	(30,000)
Interest paid on the loan facility	-	(62,827)
Proceeds from private placement of units, net of issuance costs	-	1,212,360
Proceeds from Gold Fields attributable to the First Option	2,335,036	-
Proceeds from loan payable	-	7,236,676
Cash provided by financing activities	2,335,036	8,356,209
Effect of exchange rate on changes in cash	42,702	(28,413)
Change in cash	(1,720,084)	299,222
Cash, beginning of the period	2,451,173	538,284
Cash, end of the period	731,089	837,506
Supplemental cash flows information:		
Cash income tax paid	-	-
Interest on loan facility that was settled with share issuance	-	(184,956)
Interest on loan facility included in accounts payable and accrued liabilities	(166,619)	-
Interest on loan payable included in non-controlling interest	-	10,583
Unit issuance costs included in accounts payable and accrued liabilities	-	1,733

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

	Common shares	Share capital	Stock options and warrants reserve	Other equity reserve	Accumulated other comprehensive income	Deficit	Non- controlling interest	Total shareholders' equity (deficiency)
	#	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2024	139,070,290	78,342,123	14,297,803	-	196,339	(98,490,697)	-	(5,654,432)
Proceeds from private placement of units, net of issuance costs	25,152,633	1,403,866	30,561	-	-	-	-	1,434,427
Shares issued for debt settlements	21,618,223	1,461,609	-	-	-	-	-	1,461,609
Warrants issued related to debt settlement	-	-	426,714	-	-	-	-	426,714
Warrants issued related to the loan facility	-	-	145,082	-	-	-	-	145,082
Acquisition of the initial equity interest in Santa Cecilia project by Gold Fields	-	-	-	1,275,467	-	-	8,534,957	9,810,424
Currency translation differences	-	-	-	-	(46,716)	-	(12,248)	(58,964)
Net loss for the period	-	-	-	-	-	(9,997,100)	(168,217)	(10,165,317)
Balance, June 30, 2025	185,841,146	81,207,598	14,900,160	1,275,467	149,623	(108,487,797)	8,354,492	(2,600,457)
Proceeds from private placement of units, net of issuance costs	-	(3,508)	-	-	-	-	-	(3,508)
Warrants issued related to the loan facility	-	-	869,929	-	-	-	-	869,929
Shares issued for warrant exercise	56,000	5,499	(2,139)	-	-	-	-	3,360
Share-based compensation	-	-	434,278	-	-	-	-	434,278
Acquisition of the initial equity interest in Santa Cecilia project by Gold Fields	-	-	-	15,209,514	-	-	(8,492,985)	6,716,529
Currency translation differences	-	-	-	-	(114,425)	-	8,856	(105,569)
Net loss for the period	-	-	-	-	-	(5,270,321)	(324,908)	(5,595,229)
Balance, December 31, 2025	185,897,146	81,209,589	16,202,228	16,484,981	35,198	(113,758,118)	(454,545)	(280,667)
Share-based compensation	-	-	119,609	-	-	-	-	119,609
Equity interest in Minera Santa SCM acquired by Gold Fields	-	-	-	2,335,036	-	-	-	2,335,036
Reclassification of Margarita other comprehensive loss upon disposal	-	-	-	-	730,052	(730,052)	-	-
Currency translation differences	-	-	-	-	205,341	730,052	(41,627)	893,766
Net loss	-	-	-	-	-	(4,724,328)	(346,092)	(5,070,420)
Balance, June 30, 2026	185,897,146	81,209,589	16,321,837	18,820,017	970,591	(118,482,446)	(842,264)	(2,002,676)

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

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 ("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 head office and principal address of Torq is located at 1400 - 1199 West Hastings Street, Vancouver, British Columbia, V6E 3T5.

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 and six months ended June 30, 2026 and 2025 (the "financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for at least the next twelve months from the reporting date 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 and debt-based financing to fund its operations. As at June 30, 2026, the Company's current liabilities exceed current assets by \$5,114,891 (December 31, 2025 - \$3,293,337) and has a deficit of \$118,482,446 (December 31, 2025 - \$113,758,118). Included in cash at June 30, 2026 is \$599,720 of restricted cash (December 31, 2025 - \$2,377,325) that is not available for general working capital purposes and may only be used for activities associated with the Company's Santa Cecilia project (Note 6). During the three and six months ended June 30, 2026, the Company incurred a net loss of \$2,055,703 and \$5,070,420, respectively (2025 - \$6,609,655 and \$10,165,317, respectively). Historically, the Company's primary sources of funding included proceeds from the private placement, issuance of equity to settle financial liabilities (Note 10) and extension of debt instruments (Note 8).

The Company will 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. 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. 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, 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 August 26, 2026.

These financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These financial statements do not include all the information and disclosures required in annual financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited consolidated financial statements for the years ended December 31, 2025 and 2024 (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 ("C\$") which is also the Company's functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. References to "US\$" and "USD" are to United States dollars, and references to "CLP" are to Chilean pesos.

d) Basis of consolidation

These financial statements include the financial information of the Company and entities controlled by the Company. 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 consolidated financial statements from the date control commences until the date control ceases. The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Company.

2. BASIS OF PREPARATION (continued)

A summary of the Company's subsidiaries included in these financial statements as at June 30, 2026 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 Andrea SpA	Chile	100%	USD	Mineral exploration
Minera Santa SCM ⁽¹⁾	Chile	90%	USD	Mineral exploration
Torq Operaciones Chile SpA	Chile	100%	USD	Mineral exploration

(1) Since May 16, 2025, Gold Fields Limited retains 10% interest in Minera Santa SCM pursuant to the Initial Equity Interest (Note 6(c), 9), resulting in a non-controlling interest (Note 11).

On June 25, 2026, the Company disposed of 100% of the issued and outstanding shares of its subsidiary, Minera Margarita SpA ("Margarita") (Note 6(a)).

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.

On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it may change what an entity reports as its 'operating profit or loss'. Key new concepts introduced in IFRS 18 relate to: (i) the structure of the statement of profit or loss; (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. The Company is currently assessing the effects of IFRS 18 on the financial statements.

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*. These amendments updated classification and measurement requirements in IFRS 9 *Financial Instruments* and related disclosure requirements in IFRS 7 *Financial Instruments: Disclosures*. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the 'solely payments of principal and interest' criterion, including financial assets that have environmental, social and corporate governance-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for annual periods beginning on or after January 1, 2026 with early application permitted. The Company adopted these amendments effective January 1, 2026 retrospectively with no restatement of comparative information, in accordance with the transition requirements on initial application of IFRS 9, and adoption did not have a material impact on the classification, measurement, or disclosure of its financial instruments.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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, 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. INVESTMENT IN ASSOCIATE

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., Coppemico Metals Inc. and Fury Gold Mines Limited. The Company further recognized as part of its net investment in UMS Canada, an initial cash deposit of \$151,000, which is held by UMS Canada for the purposes of general working capital, the unused deposit 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. 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. During the year ended December 31, 2024, UMS Canada entered into a sublease agreement on the shared office space which as at June 30, 2026 reduces the Company's future lease payments to approximately \$72,765 in respect of future lease rent for the remaining 5 years.

A summary of the UMS Canada's net loss and the Company's share of the net loss is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	\$	\$	\$	\$
Cost recoveries	(629,912)	(598,949)	(1,298,410)	(1,250,512)
Geological services	152,929	144,528	310,238	339,988
Administrative services	485,788	465,543	997,378	924,292
Net loss	8,805	11,122	9,206	13,768
Share of loss from investment in associate	2,201	2,780	2,302	3,442

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

	\$
Balance, December 31, 2024	100,588
Share of income from investment in associate	722
Balance, December 31, 2025	101,310
Share of loss from investment in associate	(2,302)
Balance, June 30, 2026	99,008

A summary of the Company's equity interest in the net assets of UMS Canada is as follows:

	June 30, 2026	December 31, 2025
	\$	\$
Current assets	911,461	875,469
Non-current assets	1,669,537	1,796,443
Current liabilities	(1,206,678)	(1,200,064)
Non-current liabilities	(978,290)	(1,066,610)
Net assets	396,030	405,238
Company's equity interest in net assets (25%)	99,008	101,310

6. 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, 2024	-	-	1,580,606	1,580,606
Option payments	-	-	1,399,600	1,399,600
Foreign currency translation	-	-	(97,300)	(97,300)
Balance, December 31, 2025	-	-	2,882,906	2,882,906
Foreign currency translation	-	-	100,800	100,800
Balance, June 30, 2026	-	-	2,983,706	2,983,706

a) Margarita Project

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 June 25, 2026, the Company disposed of all of the issued and outstanding shares of Margarita for gross proceeds of \$139,411 (CLP90,000,000) to a buyer seeking tax loss benefits. Pursuant to the agreement, the proceeds from the transaction will be used to settle Margarita's outstanding liabilities. As a result of the transaction, the Company derecognized Margarita's net liabilities of \$131,775, and realized Margarita's accumulated other comprehensive loss of \$730,052, resulting in a loss on disposal of subsidiary of \$458,866.

b) Andrea Project

On March 25, 2024, the Company allowed its option on the Andrea Project to lapse by deciding not to make the required option payment of US\$300,000 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.

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 completed all the required option payments and work expenditure requirements in accordance with the option agreement to June 30, 2026.

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

	Cash payments	Work expenditure requirements
	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 (paid \$1,399,600 and work expenditures requirement met)	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

6. MINERAL PROPERTY INTERESTS (continued)

In order to be eligible to exercise the option to earn 100% interest in the project, the Company is required to complete total staged work expenditures of US\$15,500,000 over the period up to October 21, 2025, as well as complete 25,000 meters of drilling over the period up to October 21, 2028. As at June 30, 2026, the Company had incurred approximately US\$22,313,000 of eligible work expenditures and drilled 7,588 meters.

On July 31, 2024, the Company entered into a non-binding term sheet with an affiliate of Gold Fields Limited ("Gold Fields") with respect to a proposed option and joint venture agreement (the "Proposed Option Agreement") to advance the exploration and development of the Santa Cecilia Project.

On January 17, 2025, the Company finalized the terms of the Proposed Option Agreement and entered into a definitive 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.

Under the Definitive Agreements, Gold Fields retains the option to acquire 75% interest in Minera Santa SCM, which owns the Santa Cecilia Project by funding an aggregate amount of US\$48,000,000 as follows:

- Initial Equity Interest - A 10% interest by funding US\$6,000,000 of exploration expenditures, property payments and other expenses by July 17, 2027 (completed, Note 11 and Note 12);
- First Option - An additional 41% interest by funding an additional US\$12,000,000 of exploration expenditures, property payments and other expenses by July 17, 2027; and
- Second Option - A final 24% interest by funding a further US\$30,000,000 exploration expenditures, property payments and other expenses by January 17, 2031.

On May 16, 2025, pursuant to the Definitive Agreements the Company received sufficient funding from Gold Fields of \$9,192,613 (US\$6,469,955), which satisfied the US\$6,000,000 required for the Initial Equity Interest and earned Gold Fields a 10% interest in Minera Santa SCM (Note 11). The remaining contribution beyond US\$6,000,000 will be applied to the First Option and recorded in other equity reserve. As at June 30, 2026, the Company retains 90% ownership in Minera Santa SCM.

As at June 30, 2026, cash contains \$599,720 (December 31, 2025 - \$2,377,325) which is restricted to fund future exploration expenditures and settle accounts payable and accrued liabilities of \$261,508 (December 31, 2025 - \$802,911) at the Santa Cecilia Project.

7. EXPLORATION AND EVALUATION EXPENSES

A summary of the Company's exploration and evaluation expenses for the three months ended June 30, 2026 is as follows:

	Margarita Project	Andrea Project	Santa Cecilia Project	Total
	\$	\$	\$	\$
Community relations	-	-	36,376	36,376
Drilling program	-	-	65,326	65,326
Environmental, permitting and concessions	21,167	-	82,576	103,743
Equipment, vehicles, rent and field supplies	-	-	6,934	6,934
Geological consulting, salaries, and wages	18,539	-	390,351	408,890
Geophysics, sampling, and assays	-	-	19,344	19,344
Project support	8,293	-	247,913	256,206
Share-based compensation	-	-	6,478	6,478
Travel, meals and accommodation	-	-	45,266	45,266
	47,999	-	900,564	948,563

Torq Resources Inc.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2026 and 2025
(Unaudited - Expressed in Canadian dollars, except where noted)

7. EXPLORATION AND EVALUATION EXPENSES (continued)

A summary of the Company's exploration and evaluation expenses for the three months ended June 30, 2025 is as follows:

	Margarita Project	Andrea Project	Santa Cecilia Project	Total
	\$	\$	\$	\$
Community relations	-	-	55,084	55,084
Drilling program	-	-	2,659,581	2,659,581
Environmental, permitting and concessions	785	-	40,871	41,656
Equipment, vehicles, rent and field supplies	965	-	21,230	22,195
Geological consulting, salaries, and wages	80,907	-	651,329	732,236
Geophysics, sampling, and assays	-	-	202,895	202,895
Project support (recovery)	1,806	(1,238)	956,695	957,263
Travel, meals and accommodation	8,034	-	630,201	638,235
	92,497	(1,238)	5,217,886	5,309,145

A summary of the Company's exploration and evaluation expenses for the six months ended June 30, 2026 is as follows:

	Margarita Project	Andrea Project	Santa Cecilia Project	Total
	\$	\$	\$	\$
Community relations	-	-	59,494	59,494
Drilling program	-	-	496,243	496,243
Environmental, permitting and concessions	21,167	-	272,970	294,137
Equipment, vehicles, rent and field supplies	-	-	67,974	67,974
Geological consulting, salaries, and wages	26,074	-	1,045,078	1,071,152
Geophysics, sampling, and assays	-	-	49,578	49,578
Project support	18,309	-	779,265	797,574
Share-based compensation	-	-	14,151	14,151
Travel, meals and accommodation	-	-	391,545	391,545
	65,550	-	3,176,298	3,241,848

A summary of the Company's exploration and evaluation expenses for the six months ended June 30, 2025 is as follows:

	Margarita Project	Andrea Project	Santa Cecilia Project	Total
	\$	\$	\$	\$
Community relations	-	-	107,583	107,583
Drilling program	-	-	3,637,288	3,637,288
Environmental, permitting and concessions	61,337	-	194,825	256,162
Equipment, vehicles, rent and field supplies	965	-	35,298	36,263
Geological consulting, salaries, and wages	162,717	-	1,284,615	1,447,332
Geophysics, sampling, and assays	-	-	232,904	232,904
Project support (recovery)	25,685	(231)	1,383,694	1,409,148
Travel, meals and accommodation	16,539	-	949,884	966,423
	267,243	(231)	7,826,091	8,093,103

8. LOAN FACILITY

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

	\$
Balance, December 31, 2024	2,593,480
Accretion expense - pre-extinguishment	84,990
Loan extinguishment and recognition adjustment	(53,551)
Accretion expense - post-extinguishment	102,950
Balance, December 31, 2025	2,727,869
Accretion expense	67,943
Balance, June 30, 2026	2,795,812

On July 19, 2022, the Company secured a \$3,000,000 loan facility with 191010 Investments Limited, (the "Lender") with an initial maturity date of July 19, 2024, later amended to July 11, 2025. Under the loan agreement, the Company is required to issue share purchase warrants to the Lender with each advance. As at December 31, 2024, the Company had drawn down \$2,800,000 and issued 11,250,000 share purchase warrants exercisable at a weighted average price of \$0.26 per common share until July 11, 2025.

On March 23, 2025, the Company entered into an agreement with the Lender to further 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 cancel 7,500,000 share purchase warrants that were previously issued to the Lender and replace them with 46,666,667 share purchase warrants exercisable at a price of \$0.06 per share until July 11, 2026. In addition, the interest rate on the loan facility increased to 12% per annum from 9% per annum starting July 11, 2025. In consideration of the security priority waiver and a default waiver, the Company paid \$30,000 to the Lender which was recognized as part of the loss on extinguishment.

In accordance with IFRS 9 *Financial Instruments*, this amendment was treated as an extinguishment of the former loan facility and reissuance of a new loan facility. The Company recognized \$2,624,918 to the loan facility based on its estimated fair value under the extension. In addition, the Company recognized the fair value of the 46,666,667 share purchase warrants of \$1,532,514 which was determined using the Black-Scholes option pricing model ("BSM"). The extinguishment gave rise to a loss on extinguishment of \$991,460 during the year ended December 31, 2025 predominantly due to the fair value assigned to the 46,666,667 share purchase warrants.

On August 20, 2026 the Company announced a six month extension to the Loan Facility conditional on the completion of the Company's Private Placement, as defined below (Note 17). The six-month extension will run from completion of the Private Placement. The consideration for the extension is that the Lender will be granted 56,000,000 share purchase warrants exercisable at an exercise price of \$0.05 per share for a period of one year from the closing date of the Private Placement.

The effective interest rate of the extended loan facility is estimated at 18.95%. During the three and six months ended June 30, 2026, the Company incurred accretion expense in respect of the loan facility of \$34,368 and \$67,943, respectively (2025 - \$33,502 and \$120,875, respectively).

During the three and six months ended June 30, 2026, the Company incurred interest expense in respect of the loan facility of \$83,770 and \$166,619, respectively (2025 - \$62,827 and \$124,964, respectively).

9. LOAN PAYABLE

On October 17, 2024, in relation to the Proposed Option Agreement, the Company entered into an interim loan and facility agreement (the "Loan Payable") with Gold Fields for an aggregate amount of \$2,529,784 (US\$1,810,000). The Loan Payable bore interest at a rate of 9% per annum and was to mature on October 17, 2025.

On May 16, 2025, pursuant to the Definitive Agreements, the Company received sufficient funding from Gold Fields to satisfy the US\$6,000,000 required for the Initial Equity Interest (Note 6(c)) and earned Gold Fields a 10% interest in Minera Santa SCM resulting in a non-controlling interest (Note 11). Pursuant to the Definitive Agreements, \$8,535,663 (US\$6,000,000) of the required funding under the Initial Equity Interest was converted to a capital contribution in Minera Santa SCM. The Company assigned a fair value of \$41,972 (US\$30,508) to the Initial Equity Interest, being 10% of the \$419,717 (US\$305,075) net assets of Minera Santa SCM as at May 16, 2025 and the remaining \$8,493,691 (US\$5,969,493) being reclassified to other equity reserve. Subsequent to May 16, 2025, contributions by Gold Fields were classified as other equity reserve (Note 12).

9. LOAN PAYABLE (continued)

During the period from the signing of the Definitive Agreements on January 17, 2025 to May 16, 2025, the Company received \$5,961,209 (US\$4,158,045) from Gold Fields towards the Initial Equity Interest which was treated as a bridge loan and included within loan payable until the time that the Initial Equity Interest was met and the balance was reclassified to other equity reserve (Note 12).

A continuity of the Company's loan payable is as follows:

	\$
Balance, December 31, 2024	2,639,320
Additions from bridge loan	5,961,209
Interest	9,957
Conversion to capital contribution in Minera Santa SCM by Gold Fields	(41,972)
Conversion to other equity reserve	(8,493,691)
Currency translation differences	(74,823)
Balance, June 30, 2026 and December 31, 2025	-

During three and six months ended June 30, 2026, the Company incurred interest expense in respect of the loan payable of \$nil, and \$nil, respectively (2025 - \$nil, and \$10,583, respectively). On May 16, 2025, when Gold Fields achieved 10% interest in Minera Santa SCM, the total interest accrual of \$44,670 (US\$31,955) was included in the \$8,493,691 (US\$5,969,493) that was converted to other equity reserve (Note 12).

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 six months ended June 30, 2026, the Company had no share capital transactions.

During the year ended December 31, 2025, the Company had the following share capital transactions:

- On June 6, 2025, the Company closed a private placement and issued 25,152,633 units at a price of \$0.06 per unit for gross proceeds of \$1,509,158, of which \$223,800 was received during the year ended December 31, 2024. Each unit consists of one common share and one share purchase warrant exercisable at \$0.12 per common share until June 6, 2027. The Company attributed \$1,509,158 of the gross proceeds to share capital and a residual value of \$nil to the warrants issued. The Company incurred issuance costs of \$108,800 comprised of issuance costs of \$27,227, cash finders' fees of \$51,012 and finders' warrants with a fair value of \$30,561. The Company issued 800,200 finders' warrants exercisable at a price of \$0.06 per common share with an expiry date of June 6, 2026.
- On June 6, 2025, the Company issued 1,998,829 common shares to non-arm's length creditors and 19,619,394 common shares and share purchase warrants to arm's length creditors to settle an aggregate of \$1,297,094 of debt ("Share-for-Debt Settlement"). Each share purchase warrant is exercisable into one common share at an exercise price of \$0.12 per common share until June 6, 2027. The Company attributed an aggregate of \$1,461,609 of the settled amounts to share capital and a fair value of \$426,714 to stock options and warrants reserve for the warrants issued. As a result, the Company incurred \$591,229 non-cash loss on the Share-for-Debt Settlement.
- On October 16, 2025, the Company issued 56,000 common shares pursuant to the exercise of 56,000 share purchase warrants at an exercise price of \$0.06 for gross proceeds of \$3,360. As a result, \$2,139 recorded in the stock options and warrants reserve for the fair value of the exercised share purchase warrants was reclassified to share capital.

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 12.5% every three months thereafter for a total vesting period of 18 months.

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10. SHARE CAPITAL (continued)

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

	Number of options outstanding	Weighted average exercise price
	#	\$
Balance, December 31, 2024	6,220,000	0.73
Granted	12,700,000	0.10
Expired	(415,000)	0.58
Balance, December 31, 2025	18,505,000	0.30
Granted	600,000	0.10
Expired	(705,000)	0.48
Cancelled	(4,510,000)	0.74
Forfeited	(318,750)	0.10
Balance, June 30, 2026	13,571,250	0.14

On May 11, 2026, the Company granted 600,000 stock options to a new director of the Company. Each stock option is exercisable into one common share at an exercise price of \$0.10 per share, expires on May 11, 2031 and vests 25% on the date of the grant and 12.5% every three months thereafter for a total vesting period of 18 months. The stock options have a fair value of \$34,984 which was determined using the BSM.

On July 9, 2025, the Company granted 10,700,000 stock options to certain directors, officers, and employees of the Company. Each stock option is exercisable into one common share at an exercise price of \$0.10 per share, expires on July 9, 2030 and vests 25% on the date of the grant and 12.5% every three months thereafter for a total vesting period of 18 months. The stock options have a fair value of \$492,044 which was determined using the BSM.

On July 9, 2025, the Company granted 2,000,000 stock options to a certain consultant of the Company. Each stock option is exercisable into one common share at an exercise price of \$0.10 per share, expires on July 9, 2030 and vests 25% every three months after the date of the grant for a total vesting period of 12 months. The stock options have a fair value of \$91,971 which was determined using the BSM.

A summary of the Company's stock options outstanding at June 30, 2026, is as follows:

Date of expiry	Number of options outstanding	Number of options exercisable	Weighted average exercise price	Weighted average remaining life
	#	#	\$	Years
November 24, 2026	100,000	100,000	0.86	0.40
July 19, 2027	165,000	165,000	0.65	1.05
January 19, 2028	525,000	525,000	0.73	1.56
March 3, 2028	100,000	100,000	0.60	1.68
July 9, 2030	12,081,250	7,812,500	0.10	4.03
May 11, 2031	600,000	150,000	0.10	4.87
	13,571,250	8,852,500	0.14	3.89

A summary of the Company's weighted average inputs used in the BSM to calculate the fair value of stock options issued during the six months ended June 30, 2026 and the year ended December 31, 2025 is as follows:

	2026	2025
Share price	\$0.08	\$0.07
Exercise price	\$0.10	\$0.10
Risk-free interest rate	3.19%	2.92%
Expected life (years)	5.00	5.00
Expected volatility	100.17%	90.87%
Expected annual dividend yield	0.00%	0.00%

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10. SHARE CAPITAL (continued)

During the three and six months ended June 30, 2026, the Company recognized \$60,802 and \$119,609, respectively of share-based compensation within net loss (2025 - \$nil and \$nil, respectively) in connection with the vesting of the underlying stock options.

A summary of the Company's share-based compensation recognized within net loss is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	\$	\$	\$	\$
Exploration and evaluation expenses	6,478	-	14,151	-
Fees, salaries and other employee benefits	47,836	-	84,624	-
Marketing and investor relations	6,488	-	20,834	-
	60,802	-	119,609	-

d) Share purchase warrants

A continuity of the Company's share purchase warrant activity is as follows:

	Number of share purchase warrants	Weighted average exercise price
	#	\$
Balance, December 31, 2024	51,248,707	0.44
Issued	92,238,894	0.09
Exercised (Note 10(b))	(56,000)	0.06
Expired	(14,240,084)	0.61
Cancelled	(7,500,000)	0.35
Balance, December 31, 2025	121,691,517	0.16
Expired	(7,045,963)	0.63
Balance, June 30, 2026	114,645,554	0.13

On March 23, 2025, pursuant to the agreement to extend the maturity date of the loan facility (Note 8), the Company replaced 7,500,000 share purchase warrants that were previously issued to the Lender with 46,666,667 share purchase warrants. Each share purchase warrant is exercisable into one common share at an exercise price of \$0.06 per share until July 11, 2026. The Company recorded \$145,082 in the stock option and warrant reserve in connection with the fair value of warrants issued.

On June 6, 2025, pursuant to the private placement, the Company issued 25,152,633 share purchase warrants. Each share purchase warrant is exercisable into one common share at an exercise price of \$0.12 per share until June 6, 2027. The Company attributed a residual value of \$nil to the warrants issued. In connection with the private placement, the Company issued 800,200 finders' warrants with a fair value of \$30,561 recorded to the stock options and warrant reserve which was determined using the BSM. Each finders' warrant is exercisable into one common share at an exercise price of \$0.06 per share and expired on June 6, 2026.

On June 6, 2025, pursuant to the Share-for-Debt Settlement, the Company issued 19,619,394 share purchase warrants to arm's length creditors. Each share purchase warrant is exercisable into one common share at an exercise price of \$0.12 per common share until June 6, 2027. Using the BSM, the Company determined that the warrants issued in the Shares-for-debt Settlement had a fair value of \$426,714 which was recorded to the stock options and warrants reserve.

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10. SHARE CAPITAL (continued)

A summary of the Company's outstanding warrants as at June 30, 2026 is as follows:

Date of expiry	Number of warrants	Weighted average exercise price	Weighted average remaining life
	#	\$	Years
July 11, 2026 (Note 17)	46,666,667	0.06	0.03
January 4, 2027	17,528,600	0.30	0.52
June 6, 2027	44,772,027	0.12	0.93
January 4, 2029	5,678,260	0.30	2.52
	114,645,554	0.13	0.58

A summary of the Company's weighted average inputs used in the BSM to calculate the fair value of share purchase warrants issued during the six months ended June 30, 2026 and the year ended December 31, 2025 is as follows:

	2026	2025
Share price	N/A	\$0.06
Exercise price	N/A	\$0.07
Risk-free interest rate	N/A	2.55%
Expected life (years)	N/A	1.45
Expected volatility	N/A	123.55%
Expected annual dividend yield	N/A	0.00%

11. NON-CONTROLLING INTEREST

On May 16, 2025, pursuant to the Definitive Agreements (Note 6(c)), \$8,535,663 (US\$6,000,000) of the outstanding balance of the loan payable that formed part of the required funding under the Initial Equity Interest was converted to a capital contribution in Minera Santa SCM (Note 9). As a result, Gold Fields acquired 10% interest in Minera Santa SCM. The Company assigned a fair value of \$41,972 (US\$30,508) to the Initial Equity Interest, being 10% of the \$419,717 (US\$305,075) net assets of Minera Santa SCM as at May 16, 2025, resulting in a non-controlling interest.

A summary of the Company's non-controlling interest for the period from May 16, 2025 through June 30, 2026, is as follows:

	\$
Balance, December 31, 2024	-
Conversion of loan to capital contribution in Minera Santa SCM on May 16, 2025 - Initial set up at fair value	41,972
Minera Santa SCM's net loss attributable to non-controlling interest	(493,125)
Minera Santa SCM's other comprehensive loss attributable non-controlling interest	(3,392)
Balance, December 31, 2025	(454,545)
Minera Santa SCM's net loss attributable to non-controlling interest	(346,092)
Minera Santa SCM's other comprehensive income attributable non-controlling interest	(41,627)
Balance, June 30, 2026	(842,264)

12. OTHER EQUITY RESERVE

Contributions made by Gold Fields towards the Initial Equity interest of \$8,535,663 (US\$6,000,000), in excess of the 10% net assets of Minera Santa SCM as at May 16, 2025, being \$41,972 (US\$30,508), as well as \$10,326,326 (US\$7,416,055) in contributions made towards the First Option from May 17, 2025 through June 30, 2026 have been classified as other equity reserve until such time as either the First Option is satisfied in full, or Gold Fields does not meet the First Option criteria. In the event of either of these scenarios, the Company will determine the appropriate accounting treatment based on the applicable fact patterns.

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12. OTHER EQUITY RESERVE (continued)

A summary of the Company's other equity reserve is as follows:

	\$
Balance, December 31, 2024	-
Contributions in excess of the 10% of Minera Santa SCM net assets	8,493,691
Contributions towards the First Option	7,991,290
Balance, December 31, 2025	16,484,981
Contributions towards the First Option	2,335,036
Balance, June 30, 2026	18,820,017

13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

a) Related party transactions

A summary of the Company's transactions with UMS Canada, the Company's 25% investment in associate (Note 5), is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	\$	\$	\$	\$
Exploration and evaluation expenses	2,468	15,502	3,448	56,455
Fees, salaries and other employee benefits	51,881	76,604	122,507	143,242
Legal and professional fees	923	3,426	4,672	13,255
Office and administration	31,926	26,447	61,948	54,272
Unit issuance costs	-	927	-	927
	87,198	122,906	192,575	268,151

As at June 30, 2026, accounts payable and accrued liabilities included \$508,006 (December 31, 2025 - \$318,607) due to UMS Canada and prepaid expenses and deposits included \$17,572 (December 31, 2025 - \$30,377) 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 grants options to certain UMS Canada employees including key management personnel of the Company. During the three and six months ended June 30, 2026, the Company recognized a share-based compensation expense of \$5,561 and \$14,034, respectively (2025 - \$nil and \$nil, respectively) in respect of stock options granted to UMS Canada employees.

b) Key management compensation

Key management personnel are those who have 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:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	\$	\$	\$	\$
Exploration and evaluation expenses	60,947	56,222	121,709	112,966
Fees, salaries and other employee benefits ⁽¹⁾	97,227	109,035	217,619	224,520
Share-based compensation (Note 10(c))	39,309	-	63,106	-
	197,483	165,257	402,434	337,486

(1) During the three and six months ended June 30, 2026, included in fees, salaries and other employee benefits was a total of \$17,061 and \$34,162, respectively (2025 - \$5,781 and \$31,365, respectively) incurred with the Company's directors for services rendered during the period.

13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (continued)

As at June 30, 2026, accounts payable and accrued liabilities contain amounts due to key management personnel of \$813,567 (December 31, 2025 - \$537,194) and \$446,816 (December 31, 2025 - \$446,816) due to Gold Fields. The amounts are due upon demand with the \$446,816 (US\$326,000) due to Gold Fields accruing interest at 4% per annum.

14. SEGMENTED INFORMATION

The Chief Operating Decision Maker ("CODM") of the Company has been identified as the Chief Executive Officer, who makes strategic decisions and allocates resources across operating segments. The CODM has determined that 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, 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.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2026, the Company's financial instruments consist of cash, deposits, accounts payable and accrued liabilities, promissory note, and loan facility. All of these financial instruments are classified as and measured at amortized cost. The fair values of cash, deposits, accounts payable and accrued liabilities, promissory note, and loan facility 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. The Company is also committed to making certain future option payments under the Santa Cecilia option agreement (Note 6(c)). 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 June 30, 2026, the Company had cash of \$731,089 (December 31, 2025 - \$2,451,173) to settle accounts payable and accrued liabilities of \$3,259,644 (December 31, 2025 - \$3,023,456), promissory note of \$90,794 (December 31, 2025 - \$85,795), and loan facility of \$2,795,812 (December 31, 2025 - \$2,727,869) 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 (Note 1).

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. 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.

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.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

A summary of the Company's financial assets and liabilities that are denominated in the US dollar and the Chilean peso as at June 30, 2026, expressed in Canadian dollars, is as follows:

	USD	CLP
	\$	\$
Financial assets		
Cash	1,053	713,468
Amounts receivable	-	90,203
Financial liabilities		
Accounts payable and accrued liabilities	(531,390)	(535,755)
Net financial liabilities	(530,337)	267,916

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 \$71,888, to the Company's loss and comprehensive loss.

16. 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.

17. SUBSEQUENT EVENTS

On July 11, 2026, 46,666,667 of the Company's share purchase warrants expired unexercised.

On August 20, 2026 the Company announced a non-brokered private placement (the "Private Placement") for gross proceeds of \$1,250,000 through the issuance of 25,000,000 units at a price of \$0.05 per unit. Each unit will comprise of one common share and one common share purchase warrant. Each share purchase warrant will have an exercise price of \$0.10 and expire three years from the closing date of the Private Placement.

Completion of the Private Placement is a condition to a six-month extension of the Company's \$2,800,000 Loan Facility (Note 8) which matured on July 11, 2026. The six-month extension will run from completion of the Private Placement. The consideration for the extension is that the Lender will be granted 56,000,000 share purchase warrants exercisable at an exercise price of \$0.05 per share for a period of one year from the closing date of the Private Placement.