TORQ RESOURCES

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S CONSOLIDATED
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the six months ended June 30, 2019

Dated: August 27th, 2019

1.1. Date and presentation

This Management Discussion and Analysis ("MD&A") of Torq Resources Inc. has been prepared by management to assist the reader to assess material changes in the interim financial condition and results of operations of the Company as at June 30, 2019 and for the six months then ended. This MD&A should be read in conjunction with the condensed consolidated interim financial statements of the Company and related notes thereto as at and for the three and six months ended June 30, 2019 and 2018. The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's most recent audited annual consolidated financial statements for the year ended December 31, 2018, except as outlined in note 2 of the June 30, 2019 condensed consolidated interim financial statements. All financial information has been prepared in accordance with IFRS and all dollar amounts presented are Canadian dollars unless otherwise stated.

The effective date of this MD&A is August 27, 2019.

1.1.2 Forward-looking statements and risk factors

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company's plans or future financial or operating performance, the estimation of mineral reserves and resources, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect", "budget", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; risks related to general economic conditions and credit availability; actual results of current exploration activities, unanticipated reclamation expenses; fluctuations in prices of base and precious metals; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates, as well as other factors. Additional information relating to the Company and its operations is available on SEDAR at www.sedar.com and on the Company's web site at www.torqresources.com.

The Company's management reviews periodically information reflected in forward-looking statements. The Company has and continues to disclose in its Management's Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Results of Operations for the Six Months Ended June 30, 2019 Expressed in Canadian Dollars

1.2 Overall performance

1.2.1 Description of business

Torq is a junior exploration company focused on the acquisition, exploration and development of mineral resource properties. The Company is incorporated under the Business Corporations Act (British Columbia) and is a reporting issuer in British Columbia, Alberta and Ontario. The Company is listed on the TSX Venture Exchange (the "Exchange") as a Tier 2 mining issuer, and its shares trade under the symbol TORQ.V. On September 18, 2017, the Company commenced trading on the OTCQX under the US symbol TRBMF.

As at the date of this MD&A, the corporate organizational structure of Torq is as follows:

Subsidiary	Place of incorporation	Beneficial Interest
Stratton Resources (Canada) Ltd.	BC, Canada	100%
Torq Resources Holdings Inc.	BC, Canada	100%
Torq USA Inc.	Nevada, USA	100%

The Company entered a share transfer agreement on July 30, 2019 which completed the sale of its shares in Gecon and as such Gecon is no longer a subsidiary of the Company.

During the six months ended June 30, 2019 the Company elected to abandon its remaining mineral property interest, the Speedway Gold Project, after dropping its other mineral property interests in Q4 2018, as they did not meet the Company's criteria for further exploration. The Company no longer holds an interest in a Tier 2 Property ("Qualifying Property"), as defined by the rules of the Exchange, while it continues to actively pursue other mineral property opportunities.

Having made the decision to drop its previously held mineral projects, the Company had, as of March 31, 2019, completed all obligations related to keeping those projects in good standing. Having wound down all other exploration and evaluation activities, the Company's focus during Q2 2019 fully shifted toward project investigation activities and its goal of identifying and acquiring undervalued advanced stage exploration projects in order to maximize shareholder value. Several opportunities are currently under review and the Company believes that with $11.4 million in cash on hand, limited on-going obligations, and a highly experienced management and technical team, it is in a good position to move forward upon finding the right mineral property opportunity.

Other Corporate Matters

Effective April 1, 2019, Mr. Peter Rees resigned as Chief Financial Officer to pursue a new opportunity, upon which the Company appointed Ms. Stacy Rowa as Chief Financial Officer. Ms. Rowa is a Canadian CPA, CA who has worked with Canadian and US publicly listed resource companies for the past 10 years, including serving as the Company's Corporate Controller since 2016.

1.2.2 Project investigation costs

The Company is continually reviewing and evaluating new projects globally on its path to establishing a tier-one mineral portfolio. The table below shows the nature of the project investigation costs incurred during the three and six months ended June 30, 2019 and 2018 and includes all costs and project investigation activities within Bulgaria, the United States, Canada, Europe, Mexico and South America.

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Assays	$ -	$ 797	$ 1,564	$ 2,745
Equipment, vehicles rent and field supplies	847	4,310	6,710	4,456
Geological consulting, salaries and wages	143,553	78,565	237,121	172,691
Project support costs	5,995	9,248	12,566	14,600
Share-based compensation	-	65,400	16,158	179,333
Travel, meals, accommodation	53,535	11,687	59,477	33,363
	$ 203,930	**$ 170,008**	**$ 333,596**	**$ 407,188**

1.2.3 Mineral property interests

Utah USA Exploration Projects

Speedway

Effective March 15, 2018, the Company acquired the Speedway gold project through a mineral lease agreement with Geological Services Inc. The Speedway property, which is located in northwestern Utah, USA approximately 7 km from the Nevada state border, and about 50 km from Newmont's Long Canyon mine, consists of approximately 1,080 hectares of prospective terrain which hosts a large gold-in-bedrock anomaly.

Under the terms of the Speedway Agreement (the "Lease Agreement"), the Company paid US$25,000 upon signing and would have been required to pay steadily escalating annual lease payments as well as the underlying claim fees. The Lease Agreement had no required work commitment and could be terminated at any time or bought-out at any time for US$1,000,000 subject to a buyable 2% royalty to the underlying owner.

On January 24, 2019 the Company provided notice to Geological Services Inc. terminating the Speedway Agreement and as a result, recorded an impairment of $84,134 against the value of the mineral properties as at December 31, 2018. During Q1 2019 the Company incurred nominal costs to ensure that the properties were left in good standing and that the Company had no further obligations related to this property.

West Mercur

On May 8, 2018, the Company entered a share exchange agreement with RVX and its three principal shareholders (the "Mercur Agreement") to acquire a 100% interest in RVX and the West Mercur gold project. The project consists of approximately 4,000 hectares of mineral rights in western Utah, USA and is located about 60 km southwest of Salt Lake City, 5 km west of the historic Mercur gold mine, and 20 km southwest from Bingham Canyon - one of the top producing copper and gold mines in the world.

Under the terms of the Mercur Agreement, to acquire RVX, the Company could pay US$2.4 million in a combination of cash and common shares to RVX's shareholders, at any time within a two-year period. Prior to the date of execution, the Company had advanced a total of $398,074 of interim funding that was used to cover a shortfall in RVX's working capital.

On October 1, 2018, the Company provided notice to RVX that it would be terminating the Mercur Agreement effective November 30, 2018. As a result, the Company recorded an impairment loss of $490,575 against the value of the mineral properties as at September 30, 2018 and deconsolidated RVX as of November 30, 2018. At the time of deconsolidation, the full amount that had been advanced to RVX under the Mercur Agreement of $806,119 was recognized as a loan in accordance with the terms of the Mercur Agreement and recorded at its fair value of $nil as at November 30, 2018, as it is not expected to be recoverable. There has been no change during the six months ended June 30, 2019 and the RVX loan fair value remains at $nil.

Newfoundland projects

On October 28, 2016, the Company entered into an option agreement with Wildwood Exploration Inc. to acquire the rights to approximately 119,000 hectares in Newfoundland, Canada (the " Wildwood Option"). Effective October 19, 2018, the Company terminated the Wildwood Option due to insufficient exploration results to warrant further activities and elected not to proceed with further exploration at its mineral properties in Newfoundland. As of December 31, 2018, the Company had written off acquisition costs totalling $584,344 that had been previously capitalized in relation to these mineral properties.

During Q1 2019 the Company completed all further activities to keep the properties in good standing as required under the Wildwood Option. During the period the Company worked towards securing a Government of Newfoundland and Labrador grant in relation to the work that was completed during 2018 and as a result received an amount of $20,308.

Results of Operations for the Six Months Ended June 30, 2019 Expressed in Canadian Dollars

1.2.3 Mineral property interests (continued)

Summary of Project Costs

During the six months ended June 30, 2019, the Company did not incur any mineral property acquisition costs. During the year ended December 31, 2018 an impairment loss of $1,159,083 was recorded against its mineral properties and as such the Company no longer has any costs related to mineral property interests on its statement of financial position as at June 30, 2019.

	Newfoundland	Utah	Total
Acquisition costs			
Balance as at December 31, 2017	$ 534,344	$ -	$ 534,344
Direct acquisition costs	50,000	558,830	608,830
Other acquisition costs	-	16,164	16,164
Impairment of mineral properties	(584,344)	(574,739)	(1,159,083)
Currency translation adjustment	-	(255)	(255)
Balance as at December 31, 2018 and June 30, 2019	**$ -**	**$ -**	**$ -**

The Company recorded an exploration and evaluation cost recovery of $4,914 for the six months ended June 30, 2019 as outlined below. As discussed in section 1.2.3, the Company has abandoned its portfolio of mineral properties and ceased work on these properties as of March 31, 2019. There was some work completed during Q1 2019 to keep the properties in good standing, the costs of which were entirely offset by a grant awarded to the Company by the Government of Newfoundland and Labrador during the period. No further costs were incurred during Q2 2019.

	Newfoundland	Utah	Total
Aircraft and travel	$ 1,164	$ -	$ 1,164
Assays	5,009	-	5,009
Project support cost	4,312	-	4,312
Wages and consultants	4,581	328	4,909
Total exploration and evaluation cost for period	15,066	328	15,394
Government grant received	(20,308)	-	(20,308)
Net (recovery) cost for the six months ended June 30, 2019	$ (5,242)	$ 328	$ (4,914)

1.3 Selected annual information

The following represents selected information of the Company for the three most recently completed financial years:

	2018	2017 (Restated)	2016 (Restated)
Loss for the year	$ (4,873,557)	$ (4,439,520)	$ (1,049,551)
Total comprehensive loss for the year	(4,873,033)	(4,442,809)	(1,050,575)
Basic and diluted loss per share	(0.06)	(0.06)	(0.02)
Working capital	12,440,541	15,654,448	5,553,663
Total assets	12,669,876	16,390,511	6,403,516
Total long-term liabilities	68,210	151,049	218,472
Shareholders' equity	(12,372,331)	(16,037,743)	(5,551,371)
Cash dividends per share	-	-	-

The Company generated no revenues from operations during the fiscal years ended December 31, 2018, 2017 and 2016, other than interest income of $280,861, $146,577 and $10,872 respectively.

Due to a voluntary change in accounting policy, as disclosed in note 4 of the Company's audited consolidated annual financial statements for the year ended December 31, 2018, the Company has restated certain 2017 and 2016 amounts for comparative purposes.

1.4 Results of operations

Three months ended June 30, 2019 and 2018 (Q2 2019 vs Q2 2018)

Loss for the three months ended June 30, 2019 was $510,299 or $0.01 loss per share compared to a loss of $1,123,261 or $0.01 loss per share for the three months ended June 30, 2018.

Significant variances are discussed as follows:

- For the three months ended June 30, 2019, the Company incurred no exploration and evaluation costs after making the decision to abandon the Company's final mineral property interest and completing all required work to keep the Newfoundland and Speedway claims in good standing in Q1 2019. Comparatively, exploration and evaluation costs of $455,369 were incurred for Q2 2018 when exploration work was ongoing in Newfoundland and Utah.
- For the three months ended June 30, 2019, the Company recorded $244,304 in fees, salaries and other employee benefits which included share-based compensation expense of $52,767. Fees, salaries and other employee benefits recorded for Q2 2018 was $356,416 which included share-based compensation expense of $208,488. The decrease in share-based compensation in Q2 2019 was partially offset by an increase in fees and salaries as the Company started paying directors fees and added two additional executives to its team in Q3 2018.
- Investor relations and marketing costs in Q2 2019 were $26,019 as compared to $101,853 for Q2 2018. Marketing efforts in the current period have been scaled back while the Company focuses on project investigation, while in Q2 2018 the Company's marketing activities were increasing after the acquisition of the Speedway project.
- Total project investigation costs for the three months ended June 30, 2019 were $203,930, which included $nil of share-based compensation, compared to $170,008, which included $65,400 of share-based compensation, in the comparative period. Actual expenditures were higher in the current quarter as project investigation is currently the Company's main focus.
- During the three months ended June 30, 2019 the Company realized a gain of $67,005 on the settlement of the Gecon financial liability as well as a fair value loss of $190 while in Q2 2018, the Company recognized a loss of $2,583 on the fair valuation of the liability.

Six months ended June 30, 2019 and 2018 (YTD 2019 vs YTD 2018)

Loss for the six months ended June 30, 2019 was $987,958 or $0.01 loss per share compared to a loss of $1,986,175 or $0.03 loss per share for the six months ended June 30, 2018.

Significant variances for the comparable six-month periods are generally driven by the same factors discussed above for the three-month periods. Specifically, minimal exploration and evaluation costs have been incurred in 2019 due to the abandonment of the Company's mineral properties. Further to this, share-based compensation expense was higher in 2018 than in 2019 due to the timing of option grants.

Subsequent events

See Gecon discussion under Section 1.13.

Plans for 2019

The Company continues to evaluate numerous top tier mineral prospects for acquisition and maintains strict and accretive geological requirements in its search for new properties. As described above, the Company only recently made the decision, due to the limitation in scale and prospectivity of the projects, to discontinue further exploration activities on the properties that were under evaluation during 2018. The Company has redirected its resources entirely to the identification and acquisition of projects that the Company believes will deliver the highest shareholder value in the context of the current opportunistic market, with a view to pursue high impact opportunities globally.

Results of Operations for the Six Months Ended June 30, 2019 Expressed in Canadian Dollars

1.5 Summary of quarterly results

The Company is a mineral exploration company and currently has no producing properties or operating income. The Company holds all of its cash on hand with financial institutions and earns interest on the cash balances it has available to fund its acquisition and exploration activities and administrative expenses. A summary of quarterly results is shown below:

Quarter ended	Interest and other income	Loss	Total Comprehensive loss	Loss per share
	$	$	$	$
June 30, 2019	63,201	510,299	510,311	0.01
March 31, 2019	64,824	477,659	477,977	0.01
December 31, 2018	87,735	562,361	558,820	0.01
September 30, 2018	62,834	2,325,021	2,331,529	0.03
June 30, 2018	70,306	1,123,261	1,120,506	0.01
March 31, 2018	59,986	862,914	862,178	0.01
December 31, 2017[1]	56,922	1,606,957	1,604,358	0.02
September 30, 2017[1]	46,020	1,803,787	1,803,787	0.02

[1] Certain figures have been restated for the change in accounting policy as disclosed in note 4 of the Company's audited annual financial statements for the year ended December 31, 2018.

The summary of quarterly results for the last eight quarters does not reflect any particular trend in the net loss and comprehensive loss for each period which has ranged from $477,659, in Q1 2019, to $2,325,021 in Q3 2018. The variation in the net loss from period to period is related to the timing of various events such as: the initial option grant to employees and consultants in Q3 2017; the execution of its Newfoundland exploration programs in Q3 and Q4 2017; the acquisition of the Speedway gold project and the West Mercur gold project, in Q1 and Q2 2018, respectively; and the recognition of impairment losses against its Newfoundland and West Mercur mineral properties in Q3 2018 and then against its Speedway project in Q4 2018. The losses for Q1 and Q2 2019 have been relatively low which is reflective of the decreased activity levels while the Company focuses solely on project investigation.

1.6/1.7 Liquidity and capital resources

As at June 30, 2019, the Company had cash and cash equivalents of $11,442,241 and working capital of $11,487,049 compared to cash and cash equivalents of $12,437,975 and working capital of $12,372,331 as at December 31, 2018. The cash balance of $11,442,241 as at June 30, 2019 is sufficient to meet the cash requirements for the Company's operating expenses as well as continue with its project investigation activities. The Company does not foresee the requirement to raise additional capital in the next twelve months but may do so if the Company's operations materially change.

Common share issuances

On February 27, 2017, the Company closed a private placement for gross proceeds of $13,195,000 (the "February 2017 Placement") pursuant to which the Company issued an aggregate of 20,300,000 common shares at a price of $0.65 per common share. Share issue costs related to the February 2017 Private Placement, which included commissions and professional and regulatory fees, totalled $447,036.

Results of Operations for the Six Months Ended June 30, 2019 Expressed in Canadian Dollars

1.6/1.7 Liquidity and capital resources (continued)

Intended Use of Proceeds of February 2017 Private Placement		Actual Use of Proceeds to June 30, 2019		(Over)/under expenditure
Offering Expenses	$447,036	Offering Expenses	$ 447,036	-
Project Acquisition and exploration	$10,747,964	Newfoundland exploration	-	$ 10,544,034
		Other project investigation and acquisition costs	$ 203,930	
Administration and general working capital	$2,000,000	Administration and general working capital	$ 1,101,793	$ 898,207
Total	$13,195,000	Total	$ 1,752,759	$ 11,442,241
Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones		The Company has used funds from the February 2017 private placement to complete work required to leave its recently abandoned properties in good standing, to support its project investigation efforts and to cover administration and general working capital needs.		

On August 30, 2016, the Company closed a private placement for gross proceeds of $7,000,000 (the "August 2016 Placement") pursuant to which the Company issued an aggregate of 20,000,000 common shares at a price of $0.35 per common share. Share issue costs related to the Private Placement, which included professional and regulatory fees, totalled $43,612.

Intended Use of Proceeds of August 2016 Private Placement		Actual Use of Proceeds to June 30, 2019		(Over)/under Expenditure
Offering Expenses	$43,612	Offering Expenses	$43,612	-
Project Acquisition and exploration	$4,956,388	Acquisition of Newfoundland project and exploration	$2,100,320	$ 204,010
		Other project acquisition, exploration and investigation costs (including Gecon, Speedway and West Mercur)	$2,652,058	
Administration and general working capital	$2,000,000	Administration and general working capital	$ 2,204,010	($204,010)
Total	$7,000,000	Total	$ 7,000,000	$ -
Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones		The Company has fully expended the funds raised through the placement. Funds used for other project costs include mineral property acquisition, exploration and investigation costs related to Speedway, West Mercur and project investigation costs.		

1.8 Off-balance sheet arrangements

The Company has not engaged in any off-balance-sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing, hedging or research and development services with the Company.

Results of Operations for the Six Months Ended June 30, 2019 Expressed in Canadian Dollars

1.9 Related party transactions

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

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Universal Mineral Services Ltd. [1]				
Included in the statement of loss and comprehensive loss:				
Exploration and evaluation costs				
Newfoundland	$ -	$ 17,516	$ 4,581	$ 42,188
Utah	-	92,114	328	92,252
Fees, salaries and other employee benefits	89,721	87,107	167,088	141,830
Investor relations and marketing	21,610	8,182	51,472	8,403
Office, rent and administration	67,151	50,647	115,363	71,737
Project investigation costs	94,811	14,280	171,929	20,315
Regulatory, transfer agent and shareholder information	250	119	250	119
Included on the statement of financial position:				
Mineral property acquisition costs				
Utah Projects	-	915	-	5,542
Other prepaid and deferred amounts	2,183	28,528	2,183	28,528
Total transactions for the periods	**$ 275,726**	**$ 299,408**	**$ 513,194**	**$ 410,914**

1) Universal Mineral Services Ltd., ("UMS") is a private company with certain directors and officers in common. Pursuant to an agreement dated December 30, 2015, UMS provides geological, financial and transactional advisory services as well as administrative services to the Company on an ongoing, cost recovery basis. Having these services available through UMS allows the Company to maintain a more efficient and cost-effective corporate overhead structure by hiring fewer full-time employees and engaging outside professional advisory firms less frequently.

As at June 30, 2019, the Company's accounts payable and accrued liabilities include an amount owing to UMS of $125,829 (December 31, 2018 - $178,941). In addition, the Company has $150,000 on deposit with UMS, recognized within prepaid expenses and deposits, as at June 30, 2019 (December 31, 2018 - $150,000).

<u>Key management compensation</u>

In addition to the transactions disclosed above, the Company provided the following compensation to key management members, being its three executives and three directors:

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Short-term benefits provided to executives	$ 96,148	$ 60,000	$ 200,788	$ 123,795
Directors fees paid to non-executive directors	7,794	-	15,587	-
Share-based compensation	31,729	157,148	51,970	393,723
	$ 135,671	**$ 217,218**	**$ 268,345**	**$ 517,518**

1.10 Proposed transactions

None

1.11 Critical accounting estimates

This section is not required as the Company is a Venture Issuer, as the term is defined in National Instrument 51-102 *Continuous Disclosure Obligations*.

1.12 Changes in accounting policies

The Company has adopted the following new accounting standards and policies effective January 1, 2019:

Leases

In January 2016, the IASB published a new accounting standard, IFRS 16 - Leases ("IFRS 16") which supersedes IAS 17 - Leases. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset during the term of the lease. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets.

The Company has made the following elections under IFRS 16:

- to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight-line basis for short term leases (lease term of 12 months or less) and low value assets; and
- to apply the practical expedient whereby leases whose term ends within 12 months of the date of initial application would be accounted for in the same way as short-term leases.

The adoption of IFRS 16 did not have a material impact on the Company's financial statements as the Company does not currently have any contracts in place that would fall within the scope of IFRS 16.

1.13 Financial instruments and other instruments

As at June 30, 2019 the Company's financial instruments consist of cash, amounts receivable, the RVX loan and accounts payable and accrued liabilities. The fair values of these financial assets and liabilities, with the exception of the RVX loan which is measured at fair value, approximate their carrying values due to their short-term maturity.

As at June 30, 2019, the only financial instrument measured at fair value is the RVX loan which is classified under level 3 of the fair value hierarchy. The RVX loan was measured at its fair value of $nil on initial recognition at November 30, 2018 and subsequently at June 30, 2019. As at December 31, 2018, and up until its settlement, the Gecon financial liability was also measured at fair value and classified under level 3.

The Company's financial instruments are exposed to certain financial statement risks including credit risk, liquidity risk and market risks, which include foreign currency risk and interest rate risk. Details of the primary risks to which the Company is exposed at June 30, 2019 are laid out in the notes to the Company's June 30, 2019 condensed consolidated interim financial statements.

Gecon

Effective November 16, 2016, pursuant to an investment agreement (the "Investment Agreeement"), the Company acquired a beneficial interest in 100% of the capital of a Bulgarian shell company, Gecon OOD ("Gecon"), for the purposes of establishing mineral exploration operations in the country. Pursuant to the Investment Agreement between the Company and Gecon's former shareholder, the Company would be required to pay a minimum of USD 50,000 and a maximum of USD 200,000 at any time within a 3-year period of signing the Investment Agreement in exchange for its beneficial interest in Gecon.

In January 2019 the Company made the decision not to further pursue its operations in Bulgaria and to return Gecon to its former shareholder. On June 5, 2019 the Company entered a framework agreement with the former shareholder which resulted in the termination of the Investment Agreement and the Company's underlying financial liability. As a result, the Company recorded a gain of $67,005 in the consolidated statement of loss and comprehensive loss for the three and six months ended June 30, 2019. Changes in fair value of the liability up until the date of settlement were recorded in the consolidated statement of loss and comprehensive loss.

Subsequent to June 30, 2019, the Company completed the sale of its shares in Gecon to the formal shareholder, by way of a separate share transfer agreement, in exchange for EUR 1,384 ($1,974).

1.14 Other requirements

1.14.1 Capital structure

Authorized share capital consists of: Unlimited number of common shares without par value.

Issued share capital:

As at August 27, 2019, there are 77,324,164 common shares of the Company issued and outstanding.

As at June 30, 2019, there were 77,324,164 common shares of the Company issued and outstanding.

As at August 27, 2019 there were 6,450,000 share purchase options and nil warrants outstanding.

As at June 30, 2019 there were 6,720,000 share purchase options and nil warrants outstanding.

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.

1.14.2 Disclosure controls and procedures

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 condensed consolidated interim financial statements as at and for the three and six months ended June 30, 2019 have been prepared by management in accordance with IFRS and in accordance with accounting policies set out in the notes to the annual audited consolidated financial statements for the years ended December 31, 2018 and 2017, except as outlined in note 2 of the June 30, 2019 condensed consolidated interim financial statements.

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.

Note: As a Venture Issuer, the Company is not required to certify the design and evaluation of the issuer's disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") and has not completed such an evaluation; and there are inherent limitations on the ability of Management to design and implement on a cost effective basis DC&P and ICFR for the Company which may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports required under securities legislation.

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.sedar.com.

On behalf of the Board of Directors,

"Michael Kosowan"
Michael Kosowan
President and Chief Executive Officer
August 27, 2019