(An exploration stage company)

Torq Resources Inc.

Condensed Consolidated Interim Financial Statements

For the three and nine months ended

September 30, 2021 and 2020

(Expressed in Canadian dollars - Unaudited)

TORQ RESOURCES INC.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars – Unaudited)

	Notes		September 30, 2021		December 31, 2020
Assets					
Current assets					
Cash		**$**	**3,583,852**	$	8,748,073
Accounts receivable and other			**169,695**		42,951
Prepaid expenses and deposits			**657,018**		303,824
			4,410,565		9,094,848
Equipment	2(a)		**373,925**		-
Deferred acquisition costs	3		**120,353**		-
Mineral property interests	3		**621,319**		-
Total assets		**$**	**5,526,162**	$	9,094,848
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**460,320**	$	202,917
Total liabilities			**460,320**		202,917
Equity					
Share capital	6		**49,124,432**		49,003,385
Share option reserve	7		**9,079,315**		8,558,963
Shares to be issued	6(c)		**99,031**		-
Accumulated other comprehensive loss			**(31,628)**		(1,347)
Deficit			**(53,205,308)**		(48,669,070)
Total equity			**5,065,842**		8,891,931
Total liabilities and equity		**$**	**5,526,162**	$	9,094,848

Going concern (Note 1)
Subsequent event (Note 11)

Approved on behalf of the Board of Directors:

"*Michael Kosowan*" — **President, Chief Executive Officer and Director**

"*Jeffrey Mason*" — **Director**

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

TORQ RESOURCES INC.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars, except number of shares – Unaudited)

		Three months ended September 30,		Nine months ended September 30,	
	Notes	**2021**	2020	**2021**	2020
Operating expenses					
Exploration and evaluation costs	4	**$ 640,617**	$ -	**$ 1,382,158**	$ -
Fees, salaries and other employee benefits		**390,522**	214,206	**1,080,030**	566,230
Legal and professional fees		**106,471**	16,423	**247,214**	68,916
Marketing and investor relations		**207,662**	53,006	**880,374**	157,504
Office and administration		**183,019**	50,603	**545,270**	153,885
Regulatory, transfer agent and shareholder information		**15,471**	13,935	**45,056**	44,086
Project investigation costs	5	**17,191**	159,401	**283,056**	542,245
		1,560,953	507,574	**4,463,158**	1,532,866
Other expenses (income)					
Interest and other income		**(6,523)**	(12,609)	**(35,148)**	(72,527)
Foreign exchange loss (gain)		**57,824**	40,664	**108,228**	(55,519)
		51,301	28,055	**73,080**	(128,046)
Net loss for the period		**$ 1,612,254**	$ 535,629	**$ 4,536,238**	$ 1,404,820
Other comprehensive loss					
Unrealized currency loss on translation of foreign operations		**14,620**	306	**30,281**	419
Total comprehensive loss for the period		**$ 1,626,874**	$ 535,935	**$ 4,566,519**	$ 1,405,239
Basic and diluted loss per share		**$ 0.02**	$ 0.01	**$ 0.06**	$ 0.02
Basic and diluted weighted average number of shares		**77,495,387**	77,324,164	**77,449,636**	77,324,164

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

TORQ RESOURCES INC.
Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian dollars, except number of shares – Unaudited)

	Notes	Number of common shares	Share capital	Share option reserve	Shares to be issued	Accumulated other comprehensive loss	Deficit	Total equity
Balance, December 31, 2019		**77,324,164**	**$ 48,977,100**	**$ 8,435,631**	**$ -**	**$ (19)**	**$ (46,581,234)**	**$ 10,831,478**
Share-based compensation	7	-	-	106,595	-	-	-	106,595
Other comprehensive loss for the period		-	-	-	-	(419)	-	(419)
Net loss for the period		-	-	-	-	-	(1,404,820)	(1,404,820)
Balance, September 30, 2020		**77,324,164**	**$ 48,977,100**	**$ 8,542,226**	**$ -**	**$ (438)**	**$ (47,986,054)**	**$ 9,532,834**
Stock options exercised	6(b)	35,000	26,285	(8,785)	-	-	-	17,500
Share-based compensation		-	-	25,522	-	-	-	25,522
Other comprehensive loss for the period		-	-	-	-	(909)	-	(909)
Net loss for the period		-	-	-	-	-	(683,016)	(683,016)
Balance, December 31, 2020		**77,359,164**	**$ 49,003,385**	**$ 8,558,963**	**$ -**	**$ (1,347)**	**$ (48,669,070)**	**$ 8,891,931**
Stock options exercised	6(b)	**75,000**	**60,109**	**(17,809)**	**-**	**-**	**-**	**42,300**
Share-based compensation	7	**-**	**-**	**538,161**	**-**	**-**	**-**	**538,161**
Shares issued as finder's fee	6(c)	**81,250**	**60,938**	**-**	**-**	**-**	**-**	**60,938**
Shares to be issued as finder's fee	6(c)	**-**	**-**	**-**	**99,031**	**-**	**-**	**99,031**
Other comprehensive loss for the period		**-**	**-**	**-**	**-**	**(30,281)**	**-**	**(30,281)**
Net loss for the period		**-**	**-**	**-**	**-**	**-**	**(4,536,238)**	**(4,536,238)**
Balance, September 30, 2021		**77,515,414**	**$ 49,124,432**	**$ 9,079,315**	**$ 99,031**	**$ (31,628)**	**$ (53,205,308)**	**$ 5,065,842**

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

TORQ RESOURCES INC.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars – Unaudited)

	Notes	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Operating activities					
Net loss for the period		**$ (1,612,254)**	$ (535,629)	**$ (4,536,238)**	$ (1,404,820)
Non-cash transactions:					
Share-based compensation	7	**172,992**	43,597	**538,161**	106,595
Depreciation expense		**29,357**	-	**29,357**	-
Unrealized foreign exchange (gain) loss		**(39,963)**	46,287	**(14,660)**	(53,472)
Interest and other income		**(6,523)**	(12,609)	**(35,148)**	(72,527)
Changes in non-cash working capital:					
Accounts receivable and other		**(83,252)**	(12,733)	**(124,049)**	(682)
Prepaid expenses and deposits		**(59,353)**	32,469	**(419,284)**	(70,540)
Accounts payable and accrued liabilities		**(117,556)**	8,563	**260,840**	(90,044)
Cash (used in) operating activities		**(1,716,552)**	(430,055)	**(4,301,021)**	(1,585,490)
Investing activities					
Options payments on mineral properties	3	**(196,318)**	-	**(321,828)**	-
Transaction costs on acquisition of mineral properties		**(3,430)**	-	**(69,958)**	-
Purchase of equipment		**(217,409)**	-	**(415,164)**	-
Deferred acquisition costs	3(c)	**(95,478)**	-	**(119,592)**	-
Interest and other income received		**6,523**	12,609	**35,148**	72,527
Cash (used in) provided by investing activities		**(506,112)**	12,609	**(891,394)**	72,527
Financing activities					
Proceeds from the exercise of share options	6(b)	**12,500**	-	**42,300**	-
Cash provided by financing activities		**12,500**	-	**42,300**	-
Effect of foreign exchange rate changes on cash		**23,998**	(46,787)	**(14,106)**	52,976
Decrease in cash		**(2,186,166)**	(464,233)	**(5,164,221)**	(1,459,987)
Cash, beginning of period		**5,770,018**	9,842,267	**8,748,073**	10,838,021
Cash, end of period		**$ 3,583,852**	$ 9,378,034	**$ 3,583,852**	$ 9,378,034

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

(Expressed in Canadian dollars, unless otherwise noted – Unaudited)

NOTE 1 – NATURE OF OPERATIONS

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

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

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern. As at September 30, 2021, the Company has net working capital of $3,950,245 while it incurred a loss for the period of $4,536,238 for the nine months ended September 30, 2021. The Company has incurred operating losses to date and does not generate cash flows from operations to support its activities. With no source of operating cash flow, 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 about the Company's ability to continue as a going concern.

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

NOTE 2 – BASIS OF PRESENTATION

(a) Statement of compliance

These condensed consolidated interim financial statements ("the financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The accounting policies followed in these financial statements are the same as those applied in Note 3 of the Company's most recent audited consolidated financial statements for the years ended December 31, 2020 and 2019, except for a new accounting policy for equipment.

Equipment is stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

- Vehicles	5 - 7 years
- Office equipment	1 - 6 years
- Furniture	1 - 6 years

These financial statements should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2020, and 2019.

These financial statements were approved and authorized for issue by the Board of Directors of the Company on November 24, 2021.

(b) Basis of presentation and consolidation

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

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

The financial statements include the financial statements of the Company and its subsidiaries as follows:

Subsidiary	**Place of incorporation**	**Functional currency**	**Beneficial interest**
Stratton Resources (Canada) Inc.	B.C., Canada	CAD	100%
Torq Resources Holdings Inc.	B.C., Canada	CAD	100%
Candelaria Minerals S.A.C.	Peru	USD	100%
Torq Resources Chile SpA	Chile	USD	100%
Minera Margarita SpA	Chile	USD	100%
Minera Andrea SpA	Chile	USD	100%

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

During February 2021, the Company established Minera Margarita SpA, a new wholly owned Chilean subsidiary for the Margarita Project option acquisition (see Note 3).

During May 2021, the Company established Minera Andrea SpA, a new wholly owned Chilean subsidiary for the Andrea Project option acquisition (see Note 3).

Intercompany balances and transactions have been eliminated on consolidation.

(c) Significant accounting judgements and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the consolidated financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

The Company's critical accounting judgements and estimates are presented in Note 2 of the audited annual consolidated financial statements for the years ended December 31, 2020, and 2019 and have been consistently applied in the preparation of these financial statements. New estimates and judgments for the depreciation of property and equipment will be based on the straight-line method over the estimated useful lives as disclosed in Note 2 (a).

(Expressed in Canadian dollars, unless otherwise noted – Unaudited)

NOTE 3 – MINERAL PROPERTY INTERESTS AND DEFERRED ACQUISITION COSTS

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

		Margarita Project		Andrea Project		Total
As at December 31, 2020	$	-	$	-	$	-
Acquisition cost		103,747		32,707		136,454
Finder's fees shares		159,969		-		159,969
Option payments		189,790		132,038		321,828
Foreign currency translation		1,325		1,743		3,068
As at September 30, 2021	**$**	**454,831**	**$**	**166,488**	**$**	**621,319**

(a) Margarita Project

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

Pursuant to the Margarita Project option arrangement, the Company incurred finder's fees requiring the issuance of 466,667 common shares of the Company (the "Finder's Fee Shares") consisting of 81,250 shares on April 7, 2021 (issued), 141,667 shares to be issued on March 31, 2022, and 243,750 shares to be issued on March 31, 2023. These Finder's Fee Shares have been recognized at $159,969 fair value within equity. Fair value of the Finder's Fee shares was determined with 81,250 shares having a $60,938 fair value ($0.75 per share market price on the date of the Margarita Project agreement as the shares were issued within 30 days of the agreement), and the remaining 385,417 shares measured using the Black Scholes pricing model.

Margarita Claims

Under the option agreement the Company can acquire a 100% interest in the Margarita claims by making cash payments totalling US$6,200,000 over 66 months. The Company is required to incur work expenditures totalling US$3,050,000 within 30 months of signing the definitive agreement:

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

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

(Expressed in Canadian dollars, unless otherwise noted – Unaudited)

La Cototuda Claims

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

		Cash payments (US$)
February 23, 2021 (paid C$63,065)	$	50,000
February 23, 2022		250,000
February 23, 2023		250,000
February 23, 2024		350,000
	$	**900,000**

(b) Andrea Project

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

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

		Cash payments (US$)
July 23, 2021 (paid C$132,038)	$	105,000
May 24, 2022		135,000
May 24, 2023		185,000
May 24, 2024		300,000
May 24, 2025		1,000,000
May 24, 2026		4,275,000
	$	**6,000,000**

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

(c) Deferred Acquisition Costs - Santa Cecilia Project

As at September 30, 2021, the Company had capitalized $120,353 in relation to deferred acquisition costs relating to the Santa Cecilia option agreement (see Note 11).

(Expressed in Canadian dollars, unless otherwise noted – Unaudited)

NOTE 4 – EXPLORATION AND EVALUATION COSTS

(a) Margarita Project

A summary of exploration and evaluation costs for the Margarita Project during the three and nine months ended September 30, 2021 and 2020 is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Geological consulting, salaries and wages	**$ 198,439**	$ -	**$ 578,765**	$ -
Geophysics, sampling and assays	**256,524**	-	**468,497**	-
Share-based compensation	**32,274**	-	**114,169**	-
Travel, meals and accommodation	**37,366**	-	**53,875**	-
Environmental and permitting	**11,758**	-	**34,996**	-
Project support costs	**9,366**	-	**21,605**	-
Equipment, vehicles, rent and field supplies	**8,291**	-	**12,684**	-
	$ 554,018	$ -	**$ 1,284,591**	$ -

(b) Andrea Project

A summary of exploration and evaluation costs for the Andrea Project during the three and nine months ended September 30, 2021 and 2020 is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Geological consulting, salaries and wages	**$ 75,185**	$ -	**$ 75,185**	$ -
Share-based compensation	**1,866**	-	**9,544**	-
Environmental and permitting	**5,450**	-	**8,740**	-
Travel, meals and accommodation	**3,445**	-	**3,445**	-
Equipment, vehicles, rent and field supplies	**653**	-	**653**	-
	$ 86,599	$ -	**$ 97,567**	$ -

NOTE 5 – PROJECT INVESTIGATION COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Geological consulting, salaries and wages	**$ 6,692**	$ 117,634	**$ 216,070**	$ 346,265
Share-based compensation	**10,025**	20,875	**46,475**	50,831
Environmental and permitting	**-**	-	**9,062**	-
Travel, meals and accommodation	**357**	127	**3,632**	58,232
Project support costs	**117**	6,194	**5,568**	18,128
Equipment, vehicles, rent and field supplies	**-**	12,281	**2,249**	40,392
Assays	**-**	2,290	**-**	28,397
	$ 17,191	$ 159,401	**$ 283,056**	$ 542,245

(Expressed in Canadian dollars, unless otherwise noted – Unaudited)

NOTE 6 – SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Common share issuances

During the nine months ended September 30, 2021, the Company issued 81,250 common shares with a $60,938 fair value, pursuant to the Margarita Project finder's fee agreement (see Note 3).

During the nine months ended September 30, 2021, the Company issued 75,000 common shares pursuant to share options exercised at a weighted average price of $0.56 for gross proceeds of $42,300. The associated fair value of $17,809 was reclassified from share option reserve and transferred to share capital.

During the nine months ended September 30, 2020, the Company did not issue common shares.

(c) Shares to be issued

In relation to the execution of the Margarita Project option agreement, the Company is required to issue 466,666 Finder's Fee Shares to finders in three tranches over the next two years with a $159,969 fair value (see Note 3). During the nine months ended September 30, 2021, 81,250 of the Finder's Fee Shares were issued with $60,938 reclassified from shares to be issued to share capital. The remaining $99,031, relating to 385,416 shares to be issued, remains on the condensed consolidated statements of financial position at September 30, 2021.

NOTE 7 – SHARE OPTION RESERVE

The Company maintains a rolling share-based option plan providing for the issuance of share options up to 10% of the Company's issued and outstanding common shares. The Company may grant from time-to-time share options to its directors, officers, employees and other service providers. The share options typically vest 25% on the date of the grant and 12.5% every three months thereafter for a total vesting period of 18 months and expire five years after grant date.

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

	Number of share options		Weighted average exercise price
Outstanding, December 31, 2019	6,370,000	$	0.82
Granted	550,000		0.60
Exercised	(35,000)		0.50
Expired	(30,000)		0.85
Forfeited	(8,125)		0.62
Outstanding, December 31, 2020	6,846,875		0.81
Granted	1,830,000		0.78
Exercised	(75,000)		0.56
Expired	(1,346,875)		0.85
Forfeited	(62,500)		0.77
Outstanding, September 30, 2021	**7,192,500**	**$**	**0.80**

(Expressed in Canadian dollars, unless otherwise noted – Unaudited)

As at September 30, 2021, the number of share options outstanding and exercisable was:

	Outstanding				**Exercisable**			
Expiry date	Number of share options		Exercise price	Remaining contractual life (years)	Number of share options		Exercise price	Remaining contractual life (years)
Aug 30, 2022	4,500,000	$	0.85	0.92	4,500,000	$	0.85	0.92
Sep 21, 2023	125,000		0.50	1.98	125,000		0.50	1.98
Apr 1, 2024	250,000		0.50	2.50	250,000		0.50	2.50
May 25, 2025	400,000		0.58	3.65	350,000		0.58	3.65
Jun 25, 2025	150,000		0.66	3.74	131,250		0.66	3.74
Apr 7, 2026	1,392,500		0.77	4.52	545,625		0.77	4.52
Sep 3, 2026	375,000		0.82	4.93	93,750		0.82	4.93
	7,192,500	**$**	**0.80**	**2.11**	**5,995,625**	**$**	**0.80**	**1.62**

On April 7, 2021, the Company granted 1,455,000 options with an exercise price of $0.77, vesting over 18 months, and a five-year life. The Company used the Black Scholes option pricing model to determine the fair value of the share options granted using the following assumptions: volatility of 68.89%, risk-free rate of 0.94%, and dividend yield of 0%.

On September 3, 2021, the Company granted 375,000 options with an exercise price of $0.82, vesting over 18 months, and a five-year life. The Company used the Black Scholes option pricing model to determine the fair value of the share options granted using the following assumptions: volatility of 68.36%, risk-free rate of 0.78%, and dividend yield of 0%.

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees and others providing similar services.

During the three and nine months ended September 30, 2021 and 2020, the Company recognized share-based compensation expense in net loss for the period as follows:

		Three months ended September 30,				**Nine months ended September 30,**		
		2021		2020		**2021**		2020
Included in:								
Fees, salaries, and other employee benefits	**$**	**128,827**	$	22,722	**$**	**367,973**	$	55,764
Exploration and evaluation costs		**34,140**		-		**123,713**		-
Project investigation costs		**10,025**		20,875		**46,475**		50,831
	$	**172,992**	$	43,597	**$**	**538,161**	$	106,595

(Expressed in Canadian dollars, unless otherwise noted – Unaudited)

NOTE 8 – 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 September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Universal Mineral Services Ltd. ("UMS")				
Included in the statement of loss and comprehensive loss:				
Exploration and evaluation costs	**$ 12,898**	$ -	**$ 18,982**	$ -
Fees, salaries and other employee benefits	**55,439**	58,842	**171,034**	152,521
Marketing and investor relations	**14,371**	13,958	**47,921**	37,535
Office and administration	**51,118**	41,042	**144,862**	112,481
Project investigation costs	**7,618**	115,774	**54,778**	333,295
Legal and professional fees	**4,329**	541	**10,887**	12,918
Regulatory, transfer agent and shareholder information	**52**	61	**94**	123
Total transactions for the period	**$ 145,825**	**$** 230,218	**$ 448,558**	**$** 648,873

UMS is a private company with one director in common with the Company. UMS provides geological, financial and transactional advisory services as well as administrative and office services to the Company on an ongoing, cost recovery basis. Having these services available through UMS on an as needed basis, allows the Company to maintain a more efficient and cost-effective corporate overhead structure by hiring fewer full-time employees and engaging outside professional advisory firms less frequently. The agreement has an indefinite term and can be terminated by either party upon providing due notice.

As at September 30, 2021, the Company's accounts payable and accrued liabilities include an amount owing to UMS of $50,963 (December 31, 2020 - $121,576). In addition, the Company has $457,879 on deposit with UMS, recognized within prepaid expenses and deposits as at September 30, 2021 (December 31, 2020 - $150,000), and paid to UMS $3,375 as deferred acquisition costs (December 31, 2020 - $nil) related to the acquisition of the Santa Cecilia option.

<u>Key management compensation</u>

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Salaries and other employee benefits	**$ 265,612**	$ 122,367	**$ 659,802**	$ 327,912
Directors' fees paid to non-executive directors	**21,713**	7,802	**57,837**	23,406
Share-based compensation	**100,096**	42,965	**211,303**	102,319
	$ 387,421	$ 173,134	**$ 928,942**	$ 453,637

NOTE 9 – FINANCIAL INSTRUMENTS

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

Level 1 – Quoted prices in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (market prices) or indirectly (derived from market prices).
Level 3 – Inputs for the asset or liability are not based upon observable market data.

As at September 30, 2021, the Company's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. The fair values of these assets and liabilities approximate their carrying values due to their short-term maturity.

The Company's financial instruments are exposed to credit risk, liquidity risk and market risks, which include foreign currency risk and interest rate risk. As at September 30, 2021, the primary risks were as follows:

(a) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at September 30, 2021, the Company has working capital of $3,950,245 (December 31, 2020 - $8,891,931). The Company held cash of $3,583,852 at September 30, 2021 (December 31, 2020 - $8,748,073), which is entirely unrestricted.

(b) Market risk

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

(c) Foreign currency risk

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

As at September 30, 2021 and December 31, 2020, the Company's foreign currency exposure related to its financial assets and liabilities held in USD and in Chilean Pesos ("CLP") is respectively as follows, noting that the Canadian parent company is exposed to USD foreign currency risk with CAD functional currency and the Chilean subsidiaries with USD functional currency are exposed to CLP foreign currency risk:

In CAD		**September 30, 2021**		December 31, 2020
Period end exchange rate CAD per USD	**$**	**1.2741**	$	1.2732
Cash	**$**	**127,667**	$	1,529,926
Accounts payable and accrued liabilities		**20,743**		-
	$	**148,410**	$	1,529,926

(Expressed in Canadian dollars, unless otherwise noted – Unaudited)

In USD		**September 30, 2021**		December 31, 2020
Period end exchange rate CLP per USD	**$**	**810.7548**	$	714.0689
Cash	**$**	**430,972**	$	-
Accounts receivable and other		**33,831**		-
Accounts payable and accrued liabilities		**293,253**		-
	$	**758,056**	$	-

A 10% increase or decrease in the USD and CLP exchange rates would not result in a material impact to the Company's loss or comprehensive loss for the nine months ended September 30, 2021.

NOTE 10 – SEGMENTED INFORMATION

The Company operates as one operating segment, being the acquisition and exploration of mineral resource properties. As at September 30, 2021, the Company's main exploration projects were located in Chile (December 31, 2020, no active projects).

NOTE 11 – SUBSEQUENT EVENT

On October 21, 2021, the Company announced that it has 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.

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

		Cash payments (US$)
October 21, 2021 (paid C$123,510)	$	100,000
October 21, 2022		300,000
October 21, 2024		600,000
October 21, 2025		1,000,000
October 21, 2026		3,000,000
October 21, 2027		5,000,000
October 21, 2028		15,000,000
	$	**25,000,000**

Under the option agreement, the Company is also committed to the following work expenditures, which are scheduled from the date the Company obtains the necessary permits to start its exploration campaigns, both drill permits and social license from indigenous communities located in the area of interest.

		Work expenditures (US$)
Within 12 months of obtaining permits	$	3,000,000
Within 24 months		4,500,000
Within 36 months		8,000,000
	$	**15,500,000**

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