Torq Resources Inc.

An exploration stage company

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

For the year ended December 31, 2021

Dated: April 29, 2022

1.1 Operational highlights

- On January 26, 2022, Torq Resources Inc. (the "Company" or "Torq") provided an update on the exploration and permitting progress at its Santa Cecilia gold – copper project located in the world-class Maricunga belt in northern Chile, approximately 100 kilometres ("km") east of the city of Copiapo. Torq's technical team has conducted an initial geological evaluation of the available historical drill core and has identified multiple phases of porphyry intrusions. In addition, the Company is working closely with the local community on a plan for the first phase of exploration, which would include drilling from existing drill pads and building roads to the project, with the goal of commencing work in the second quarter of this year.

- 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 ("Santa Cecilia").

- On October 7, 2021, the Company announced that it had commenced its first drill program at the Margarita Iron-Oxide-Copper-Gold project ("Margarita"). The initial phase of reverse circulation drilling would consist of approximately 4,000 metres (m) with the primary target being the copper – gold sulphide source mineralization to the observed widespread copper oxide mineralization in the southern region of the project. Margarita is host to a large-scale alteration system, which three primary targets that would be the focus of the first drill program. The results of this drill program are expected shortly. These target areas were defined through geological mapping, rock and soil geochemical surveys and ground-based magnetics and induced polarization geophysical surveys.

- On September 8, 2021, the Company announced that it had identified three primary target areas at the Margarita project in northern Chile that would form the basis for the 4,000 m reverse circulation drill program. The targets were defined using data from recent geophysical and geochemical surveys as well as a geological mapping program.

- On June 30, 2021, the Company announced it had obtained the drill permit for the Margarita project in northern Chile.

- On May 25, 2021, the Company announced it had acquired the option to earn a 100% interest in the Andrea copper porphyry project ("Andrea") located in Chile.

- On April 21, 2021, the Company announced initial results from the exploration program at the Margarita project using a ground-based induced polarization geophysical survey which outlined two north-northwest trending chargeability anomalies, approximately 3 km by 500 m in size, which Torq's technical team believes are associated with sulphide mineralization.

- On April 8, 2021, the Company announced the commencement of a surface exploration program at its Margarita project focused on defining drill targets for its first drill program at Margarita.

- On March 8, 2021, the Company announced it had acquired the option to earn a 100% interest in the Margarita project.

1.2 Corporate highlights

- On March 18, 2022, the Company announced that it had completed a non-brokered private placement of C$5.28 million through the issuance of 7,033,400 equity units at an offering price of $0.75. Each $0.75 unit consisted of a common share and a three-year share purchase warrant, exercisable at $1.10. The warrant is subject to accelerated expiry if the common shares trade above $1.75 for 20 consecutive trading days after the first 12 months. Customary referral fees of approximately 3% of the aggregate proceeds were paid to eligible persons who referred participating investors.

- On November 24, 2021, the Company confirmed the appointment of Marie-Hélène Turgeon, who served as a Board observer and advisor for the Company, as a Board Director. She was also appointed to the Nomination & Governance Committee and Compensation Committee. Ms. Turgeon takes the place of Ivan Bebek, who retired from the Board of Directors due to over-boarding. Mr. Bebek will continue to work with Torq as an advisor to the Board of Directors. The Company also appointed Antonio Arribas as an advisor to the Board of Directors and Wesley Gervais as Information Security Officer.

- On September 10, 2021, the Company announced that its Board of Directors had appointed Carolina Vargas as a Director and Marie-Hélène Turgeon as a Board observer and advisor. Ms. Vargas is a top ranked research analyst with a strong background in the South American natural resource markets. Ms. Turgeon is an ESG advisor with extensive experience working in Latin America.

2.1. Date and presentation

This Management Discussion and Analysis ("MD&A") of Torq Resources Inc. has been prepared by management to assist the reader in assessing material changes in the consolidated financial statements and results of operations of the Company as at December 31, 2021, and for the year then ended. This MD&A should be read in conjunction with the consolidated financial statements of the Company and related notes thereto as at and for the years ended December 31, 2021 and 2020. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts presented are Canadian dollars unless otherwise stated.

The effective date of this MD&A is April 29, 2022.

2.2. 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".

Inherent in the forward-looking statements are known and unknown risks, uncertainties and other factors beyond the Company's ability to control or predict, that may cause the actual results, performance or achievements of the Company, or developments in the Company's business or in its industry, to adversely differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Some of the risks and other factors (some of which are beyond the Company's control) which could cause results to differ materially from those expressed in the forward-looking statements and information contained in this MD&A include, but are not limited to, fluctuations in the current and projected prices for gold, other precious and base metals and other commodities (such as natural gas, fuel oil and electricity) which are needed to produce these metals; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, potential unintended releases of contaminants, industrial accidents, unusual or unexpected geological or structural formations, pressures, cave-ins and flooding); the speculative nature of mineral exploration and development; the estimation of mineral resources, the Company's ability to obtain funding, including the Company's ability to complete future equity financings; no preliminary economic assessment or other economic assessment can be conducted on the Company's projects due to their absence of known resources; environmental risks and remediation measures, including evolving environmental regulations and legislation; changes in laws and regulations impacting exploration and mining activities; the Company's mineral properties being subject to prior unregistered agreements, transfers or claims and other defects in title; legal and litigation risks; statutory and regulatory compliance; insurance and uninsurable risks; the Company's limited business history and history of losses and negative cash, which will continue into the foreseeable future; our inability to pay dividends, volatility in the Company's share price, the continuation of our management team and our ability to secure the specialized skill and knowledge necessary to operate in the mining industry; relations with and claims by local communities and non-governmental organizations, including relations with and claims by indigenous populations; the requirements of being a public company, including maintaining the listing requirements; risks associated with the significant resources required to maintain regulatory compliance as a public company; the effectiveness of the Company's internal control over financial reporting; cybersecurity risks; risks relating to the Company's public perception; general business, economic, competitive, political and social uncertainties; and public health crises such as the COVID-19 pandemic and other uninsurable risks. This is not an exhaustive list of the risks and other factors that may affect any of the Company's forward-looking statements. Additional information relating to the Company and its operations is available on SEDAR at www.sedar.com and on the Company's website at www.torqresources.com. These documents are for information purposes only and not incorporated by reference in this MD&A.

Results of Operations for the year ended December 31, 2021 Expressed in Canadian dollars

The Company's management reviews periodically information reflected in forward-looking statements. The Company has and continues to disclose in its MD&A 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.

3. Description of business

Torq is a junior mineral exploration company focused on the acquisition and exploration 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"), where its shares trade under the symbol TORQ.V and on the OTCQX where its shares trade under the US symbol TRBMF.

As at the date of this MD&A, the corporate organizational structure of Torq, includes the following 100% beneficially owned subsidiaries. Stratton Resources (Canada) Inc., Torq Resources Holding Inc. and Candelaria Minerals S.A.C are dormant entities in the process of being dissolved, and subsequent to the year end, the Company acquired a minority interest in UMS (see Note 10).

Subsidiary	Place of incorporation	Functional currency
Stratton Resources (Canada) Inc.	Canada	CAD
Torq Resources Holdings Inc.	Canada	CAD
Candelaria Minerals S.A.C.	Peru	USD
Torq Resources Chile SpA	Chile	USD
Minera Margarita SpA	Chile	USD
Minera Andrea SpA	Chile	USD
Minera Santa SpA	Chile	USD

During the latter part of 2020 and into 2021, the Company was entirely dedicated to project investigation activities focused on identifying and acquiring undervalued exploration projects in order to maximize shareholder value. In the latter part of 2020, the Company announced that it had narrowed its attention on Chile and recruited a highly experienced exploration and logistics personnel team in Chile to carry out its plans to build a portfolio of high potential projects. A key step was achieved in March 2021, when the Company announced that it had acquired the option to earn a 100% interest in the Margarita project, approximately 65 km north of the city of Copiapo. The Company rapidly advanced to drill stage by conducting geological mapping and geophysical surveying programs at Margarita, and now the first drill program is completed and awaiting results. On May 25, 2021, the Company announced it had acquired the option to earn a 100% interest in the Andrea copper porphyry project, located on the El Indio belt, and preliminary evaluation is underway at this 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. Since optioning the Santa Cecilia project the Company has been focused on establishing a strong rapport with the local community, and advancing plans towards targeting and drilling so that work may commence once a community agreement and necessary permits are in place.

3.1. Margarita Project

On March 8, 2021, the Company announced it had acquired the option to earn a 100% interest in the Margarita project located in Chile within the prolific Coastal Cordillera belt. The Company acquired the rights that constitute the Margarita project through two option agreements with a small-scale mining company: the Margarita claims and the La Cototuda claims.

Under the option agreements the Company can acquire 100% interest in the Margarita claims by making cash payments totaling US$6,200,000 over 66 months. The Company is required to incur work expenditures totaling US$3,050,000 within 30 months of signing the definitive agreement; approximately US$1.5 million of eligible work expenditures had been incurred as at December 31, 2021.

Results of Operations for the year ended December 31, 2021 Expressed in Canadian dollars

	Cash payments (US$)	Work expenditure requirements (US$)
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 claims are subject to a net smelter return ("NSR") royalty of 1.0%, half of which is buyable for US$2,000,000.

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

	Cash payments (US$)
February 23, 2021 (paid C$63,065)	$ 50,000
February 23, 2022 (paid subsequent to year end C$31,795)	25,000
August 23, 2022	225,000
February 23, 2023	250,000
February 23, 2024	350,000
	$ 900,000

In relation to the option arrangement on the Margarita project, the Company agreed to pay a finder's fee of 466,667 shares (the "Finder's Fee Shares") of the Company of which 81,250 shares were issued on April 7, 2021, 141,667 shares were issued on March 31, 2022, and 243,750 shares are to be issued on March 31, 2023.

<u>Exploration Activities</u>

The Company is currently exploring and evaluating the Margarita project following the execution of the option agreement. The table below shows the nature of the exploration and evaluation expenses incurred during the years ended December 31, 2021 and 2020.

	Year ended December 31, 2021	2020
Geological consulting, salaries and wages	**$ 761,086**	$ -
Geophysics, sampling and assays	**235,055**	-
Share-based compensation	**143,148**	-
Travel, meals and accommodation	**89,776**	-
Environmental and permitting	**44,643**	-
Project support	**347,410**	-
Equipment, vehicles, rent and field supplies	**24,501**	-
Drilling	**108,594**	
	$ 1,754,213	$ -

During the year, the Company conducted various exploration activities at the Margarita project. A ground-based induced polarization geophysical survey was completed, consisting of a total of 49-line km with lines spaced every 250 m. The results of the program have demonstrated two north-northwest trending chargeability anomalies that are approximately 3 km by 500 m in dimension at a threshold of 30 millivolts, which is consistent with the presence of sulphide minerals. Importantly, these chargeability anomalies spatially overlap with resistivity lows that are consistent with hydrothermal alteration and form the basis of geophysical targeting at the project. Torq also completed 1:5000 scale geological mapping and has defined two major structural trends, north-northwest and west-northwest. The Company believes these structures control the emplacement of copper oxide mineralization, hydrothermal breccias, intrusive bodies and alteration that is consistent with IOCG/porphyry deposits. The areas of chargeability highs and resistivity lows are aligned in north-northwest structural corridors. This work as well as geochemical sampling of rocks and soils, has driven the delineation of key targets on Margarita to explore.

Results of Operations for the year ended December 31, 2021 Expressed in Canadian dollars

At the end of the second quarter, the Company received its environmental permit allowing drilling from up to 39 drill platforms across the 1,045-hectare project area. Additional data layers of detailed geological mapping and geochemical surveys completed the targeting process at the project and assisted in targeted reverse circulation drilling which commenced in the fourth quarter of 2021, with an initial 4,000 m completed in early 2022.

3.2. Andrea Project

On May 25, 2021, the Company announced it had acquired the option to earn a 100% interest in the Andrea copper porphyry project located in northern Chile, 100 km east of the city of La Serena. The property is located at the western margin of the Miocene aged El Indio belt that hosts the world class El Indio and Pascua Lama epithermal gold and silver deposits.

The Company acquired the rights that constitute the Andrea project through three option agreements. Under these option agreements the Company can acquire 100% interest in the Andrea project, 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 option agreements include an NSR of 1.5% which is buyable for payments totaling US$3,000,000.

<u>Exploration Activities</u>

A summary of exploration and evaluation costs for the Andrea project during the years ended December 31, 2021 and 2020 is as follows:

		Year ended December 31,		
		2021		2020
Geological consulting, salaries and wages	**$**	**89,523**	$	-
Share-based compensation		**13,342**		-
Environmental and permitting		**10,588**		-
Travel, meals and accommodation		**1,606**		-
Equipment, vehicles, rent and field supplies		**1,541**		-
Project support		**6,468**		
	$	**123,068**	$	-

During the year ended December 31, 2021, the Company primarily focused on site sampling and desk-top comprehensive project review at the Andrea Project with the objective of updating targeting at the property.

Results of Operations for the year ended December 31, 2021 Expressed in Canadian dollars

3.3. Santa Cecilia Project

On October 21, 2021, the Company announced that it had acquired the 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$123,580)	$	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, which includes both drill permits and social license from indigenous communities located in the area of interest, which have not yet been received.

Date from obtaining permits, within		**Work Expenditure Requirements (US$)**
12 months	$	3,000,000
24 months		4,500,000
36 months		8,000,000
	$	**15,500,000**

The option agreement includes an NSR of 3%, half of which (being 1.5%) 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.

<u>Exploration Activities</u>

A summary of exploration and evaluation costs for the Santa Cecilia project during the years ended December 31, 2021, and 2020 is as follows:

		Year ended December 31,		
		2021		2020
Geological consulting, salaries and wages	**$**	**254,979**	$	-
Share-based compensation		**12,928**		-
Travel, meals and accommodation		**2,718**		-
Environmental and permitting		**43,293**		-
Project support		**23,045**		-
	$	**336,963**	$	-

During the year ended December 31, 2021, the Company has been focused on advancing dialogue with the local community, as well as reviewing available historical data from prior exploration activities.

Results of Operations for the year ended December 31, 2021 Expressed in Canadian dollars

3.5. Project investigation costs

While the Company's focus is now on Chile, it has and continues to review and evaluate new projects globally on its path to establishing a top tier mineral portfolio. The table below shows the nature of the project investigation costs incurred during the years ended December 31, 2021, and 2020.

	Year ended December 31,	
	2021	2020
Geological consulting, salaries and wages	**$ 214,168**	$ 458,469
Share-based compensation	**47,507**	63,567
Travel, meals and accommodation	**280**	60,092
Environmental and permitting	**9,952**	-
Project support	**17,911**	19,912
Equipment, vehicles, rent and field supplies	**2,779**	40,808
Assays	**-**	28,397
	$ 292,597	$ 671,245

Project investigation work and costs have decreased from 2020 to 2021, as the management team focuses time and resources on the newly optioned Chilean projects discussed above.

3.6. Climate related risks

The Company recognizes the impact of climate change on weather patterns in its recently acquired projects. The Company's projects (Margarita, Andrea and Santa Cecilia) are all located in northern Chile, but in different geographical and altitude conditions. For this reason, local conditions are different, and specific care and protocols must be applied accordingly. It is also evident that there have been climatic changes that affect the entire national territory, including a persistent drought and a change of climate for the seasons that were clearly defined more than a decade ago. This has produced two fundamental effects: less water resources in rivers, lakes and lagoons, and changing consequences of rain events in desert lands, producing mud currents, which in recent years have had a significant impact on some rivers in the northern part of the country.
At Margarita, due to its position and altitude, no major climate-related challenges are being experienced or expected imminently. There is a general decrease in water availability and a risk of mud currents in the lower sectors, especially those related to smaller courses such as the Salado River (60 km north of Inca de Oro) or the Copiapo River (100 km to the south of the project). However, it is possible to access and work effectively throughout the year at the Margarita project.

Due to the position of the Andrea project and the altitude of the project it is less accessible than Margarita. The Company began its reconnaissance work in September, once access was granted. The project is expected to be available and accessible for field work for at least eight months of the year (September to April).

In the case of the Company's latest acquisition, the Santa Cecilia project, although it has similar altitude to Andrea, is more accessible. The Company is having discussions with the local Colla indigenous community in order to gain access to the project soon. Due to weather limitations, the Company expects to be able to carry out field activities at Santa Cecilia until May or June at the latest and commence activities in September.

The Company is taking all measures to prioritize safe access to the three projects, as well as the well-being of people and equipment while working in each area. The field experience of the local teams and the knowledge of neighboring projects plays a fundamental role in this care, and in the proactive management of the risks associated with working in remote exploration areas, and in the cases of the Andrea and Santa Cecilia projects, with access limitations due to their particular weather conditions.

Results of Operations for the year ended December 31, 2021 Expressed in Canadian dollars

4. Selected annual information

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

	2021	2020	2019
Loss for the year	**$ 6,478,104**	$ 2,087,836	$ 1,677,736
Total comprehensive loss for the year	**6,529,020**	2,089,164	1,673,966
Basic and diluted loss per share	**0.08**	0.03	0.02
Working capital	**2,037,479**	8,891,931	10,831,478
Total assets	**3,985,483**	9,094,848	11,050,736
Total long-term liabilities	**-**	-	-
Shareholders' equity	**3,308,947**	8,891,931	10,831,478
Cash dividends per share	**-**	-	-

The Company generated no revenues from operations during the fiscal years ended December 31, 2021, 2020, and 2019, other than interest income of $39,291, $84,704, and $245,363 respectively.

5. Results of operations

Year ended December 31, 2021 and 2020 (YTD 2021 vs YTD 2020)

Loss for the year ended December 31, 2021, was $6,478,104 or $0.08 loss per share compared to a loss of $2,087,836 or $0.03 loss per share for the year ended December 31, 2020. Overall costs increased to support the focus of the drilling campaign at the Margarita project and the activities related to the newly optioned properties as well as an increase in marketing and investor relations efforts.

Significant variances are discussed as follows:

- For the year ended December 31, 2021, exploration and evaluation expenses increased to $2,214,244 from $nil in the year ended December 31, 2020, and the project investigation costs decreased to $292,597 from $671,245 in the year ended December 31, 2020. The increase in exploration and evaluation expenses is the result of exploration activities on the Margarita Project, including the reverse circulation drilling campaign as well as share-based compensation of $169,418 for the year ended December 31, 2021, compared to $nil for the year ended December 31, 2020.

- For the year ended December 31, 2021, fees, salaries and other employee benefits increased to $1,644,273 from $852,102 for the year ended December 31, 2020. The increase is primarily the result of the recruitment of additional support personnel for the expanded exploration team in Chile during 2021. In addition, shared based compensation of $478,495 was allocated during the year ended December 31, 2021, compared to $67,968 for the year ended December 31, 2020.

- For the year ended December 31, 2021, marketing and investor relations increased to $1,130,453 from $223,747 in the year ended December 31, 2020. The increase is due to the Company's focus on increased marketing and investor relations efforts as it communicates the exploration progress at the Margarita project and the acquisition of the Andrea and Santa Cecilia projects with the investor community. In addition, shared based compensation of $48,343 was allocated during the year ended December 31, 2021 compared to $nil for the year ended December 31, 2020.

- For the year ended December 31, 2021, foreign exchange loss of $105,020 was recognized compared to a foreign exchange loss of $23,670 in the year ended December 31, 2020. The loss in the current year is primarily driven by the fluctuation of the US dollar against the Chilean peso during the year. With activities in Chile ramping up in 2021, the Company has currency exposure to fluctuations in the Chilean peso.

Results of Operations for the year ended December 31, 2021 Expressed in Canadian dollars

Summary of quarterly results

Torq 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
December 31, 2021	$ 4,143	$ 1,941,866	$ 1,962,501	$ 0.03
September 30, 2021	6,523	1,612,254	1,626,874	0.02
June 30, 2021	17,269	1,606,792	1,619,465	0.02
March 31, 2021	11,356	1,317,192	1,320,180	0.02
December 31, 2020	12,177	683,016	683,925	0.01
September 30, 2020	12,609	535,629	535,935	0.01
June 30, 2020	13,062	540,605	541,859	0.01
March 31, 2020	46,856	328,586	327,445	0.00

Three months ended December 31, 2021 and 2020 (Q4 2021 vs Q4 2020)

Loss for Q4 2021 was $1,941,866 or $0.03 loss per share, compared to a loss of $683,016 or $0.01 loss per share for Q4 2020. Overall costs increased to support the focus on exploration at the Margarita project and the acquisition of the Santa Cecilia project as well as to support increased in marketing and investor relations efforts.

Significant variances are discussed as follows:

- For Q4 2021, exploration and evaluation expenses increased to $832,086 from $nil in Q4 2020 and the project investigation costs decreased to $9,541 from $129,000 in Q4 2020 as management shifted their focus to exploring the projects acquired earlier in the year. The increase in exploration and evaluation expenses is the result of exploration activities on the Margarita project, including the reverse drilling campaign as well as share based compensation of $45,706 compared to $nil for the same period in 2020.

- For Q4 2021, fees, salaries and other employee benefits costs increased to $564,243 from $285,872 in Q4 2020 primarily as a result of recruitment additional support personnel for the expanded exploration team in Chile during 2021. Included within these costs for the three months ended December 31, 2021, are share based compensation of $142,267 compared to $12,785 for the same period in 2020.

- For Q4 2021, marketing and investor relations costs increased to $250,079 from $66,243 in Q4 2020.The variance between the marketing and investor relations costs were driven by the same factors described in the year end results.

- For Q4 2021, foreign exchange gain of $3,208 was recognized compared to a loss of $79,189 in Q4 2020. The gain in the current period is driven by the fluctuation of the US dollar against the Chilean peso during the quarter. With greater activities in Chile beginning in 2021, the Company has a new exposure to fluctuations in the Chilean peso.

6. Exploration plans for 2022

In addition to continuing the exploration programs at the Margarita and Andrea Projects as described above, the Company has also been developing plans for its recently optioned Santa Cecilia project. In early 2022, the Company completed its first drill program at Margarita, and is awaiting results in order to plan the next phase of work.

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At the Andrea project, the Company is systematically completing early-stage exploration activities including surface sampling and geological mapping, in order to target for a potential future drill program.

At Santa Cecilia, management has prioritized discussions with the local community, with the goal of establishing the community agreement necessary for access to commence drilling activities. Subject to this community agreement, drilling at Santa Cecilia is expected to commence late in the third quarter or early in the fourth quarter of 2022.

7. Liquidity and capital resources

As at December 31, 2021, the Company had net working capital of $2,037,479 (December 31, 2020: 8,891,931), had no operating revenue and incurred a net loss of $6,478,104 for the year ending December 31, 2021 (year ended December 31, 2020: $2,087,836). The Company has incurred operating losses to date and does not generate operating revenue to support its activities. With no source of operating revenue, there is no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. The ability to continue as a going concern remains dependent upon Torq's ability to obtain the financing necessary to continue to fund its mineral properties, the realization of future profitable production, proceeds from the disposition of its mineral interests, and/or other sources. These conditions create a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

On March 18, 2022, the Company announced it had completed a non-brokered equity private placement for gross proceeds of $5,275,050, which has improved the Company's liquidity by providing capital resources to fund the drilling activities and to conduct further explorations on the newly optioned properties. The Company will continue to require additional working capital for the foreseeable future to fund its ongoing activities. The most likely source of additional capital will be further equity financings, which are not assured and will depend on, among other things, financial market conditions, precious and base metals prices, and the Company's exploration results.

Project option payments in the coming years are as follows:

US$	Margarita Project	Andrea Project	Santa Cecilia Project	Total
2022	$ 350,000	$ 135,000	$ 300,000	$ 785,000
2023	550,000	185,000	-	735,000
2024	1,550,000	300,000	600,000	2,450,000
2025	2,000,000	1,000,000	1,000,000	4,000,000
2026	2,500,000	4,275,000	3,000,000	9,775,000
2027	-	-	5,000,000	5,000,000
2028	-	-	15,000,000	15,000,000

<u>Common share issuances</u>

During the year ended December 31, 2021, the Company issued 81,250 common shares with a fair value of $60,938, pursuant to the Margarita project finder's fee agreement.

During the year ended December 31, 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.

During the prior year ended December 31, 2020, the Company issued 35,000 common shares as a result of share options exercised with a weighted average exercise price of $0.50 for gross proceeds of $17,500.

On February 27, 2017, the Company closed a private equity placement for gross proceeds of $13,195,000 and issued an aggregate of 20,300,000 common shares at a price of $0.65 per common share. Share issue costs including commissions and professional and regulatory fees, totaled $447,036.

Results of Operations for the year ended December 31, 2021 Expressed in Canadian dollars

Intended Use of Proceeds of February 2017 Private Placement		**Actual Use of Proceeds to December 31, 2021**		**(Over)/under expenditure**
Offering Expenses	$447,036	Offering Expenses	$ 447,036	-
Project Acquisition and exploration	$10,747,964	Other project investigation and acquisition costs	$ 4,601,511	$ 6,146,453
Administration and general working capital	$2,000,000	Administration and general working capital	$ 6,247,129	$ (4,247,129)
Total	$13,195,000	Total	$ 11,295,676	$ 1,899,324
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 abandoned properties in good standing, acquire the Margarita, Andrea and Santa Cecilia concessions, finance the exploration activities including the first phase of the drilling campaign, continue with the project investigation activities and to cover administration and general working capital needs.		

8. Off-balance sheet arrangements

Other than the commitment described under related party transactions below, 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.

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.

	Year ended December 31,			
		2021		2020
Universal Mineral Services Ltd. ("UMS")				
Included in the statement of loss and comprehensive loss:				
Exploration and evaluation costs	**$**	**72,929**	$	-
Fees, salaries and other employee benefits		**274,003**		222,382
Marketing and investor relations		**49,943**		49,987
Office and administration		**260,963**		166,567
Project investigation		**57,318**		406,525
Legal and professional		**16,690**		12,985
Regulatory, transfer agent and shareholder information		**95**		123
Total transactions for the year	**$**	**731,941**	**$**	858,569

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 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. During the year ended December 31, 2021, UMS entered into an office lease agreement with a term of ten years, for which certain rent expenses will be payable by the Company. As at December 31, 2021 the Company expects to incur approximately $1.3 million in respect of its share of future rent.

Throughout the years ended December 31, 2021 and 2020, UMS was owned by Ivan Bebek and Shawn Wallace who are directors of Torq. On December 31, 2021, these two shareholders sold their shares in UMS for nominal consideration and at the same time resigned as directors of UMS. Steve Cook, who acquired the UMS shares, is also a director of Torq and on the date of transfer also took over as sole director of UMS. On April 1, 2022, UMS was restructured whereby Mr. Cook transferred his ownership equally to the four public companies which share its services, including Torq. As a result, Torq now has a 25% shareholding in its shared service company, UMS, which it purchased for nominal consideration.

Results of Operations for the year ended December 31, 2021 Expressed in Canadian dollars

As at December 31, 2021, the Company's accounts payable and accrued liabilities include an amount owing to UMS of $115,446 (December 31, 2020 - $121,576). In addition, the Company has $458,112 on deposit with UMS, recognized within prepaid expenses and deposits as at December 31, 2021 (December 31, 2020 - $150,000).

Key management compensation

In addition to the transactions disclosed above, the Company provided the following compensation to key management. Due to changes in management structure, and executives who are employed part time with the Company, the full time equivalent for the year ended December 31, 2021, was 3.7 executives and 3.3 non-executive directors (December 31, 2020: 2.2 executives and 3 non-executive directors).

		Year ended December 31,		
		2021		2020
Salaries and other employee benefits	**$**	**877,866**	$	521,128
Directors' fees paid to non-executive directors		**79,666**		31,208
Share-based compensation		**283,415**		106,380
	$	**1,240,947**	$	658,716

10. Subsequent event

As noted previously, on March 18, 2022, the Company announced it had completed a non-brokered private placement for gross proceeds of $5,275,050 which consisted of 7,033,400 equity units at an offering price of $0.75.

11. Critical accounting judgments and estimates

The preparation of the 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.

Critical accounting judgments exercised in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Functional currency

The functional currency of the Company's subsidiary is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency to be the Canadian dollar, while the functional currency of its Chilean subsidiary is the United States dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment.

ii) Economic recoverability and probability of future economic benefits of mineral property interests

Management has determined that the acquisition of mineral properties and related costs incurred, which have been recognized on the consolidated statements of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, scoping studies, accessible facilities, and existing and future permits.

iii) Indications of impairment of assets

Impairment testing is done at the cash generating unit level and judgment is involved in assessing whether there is any indication that an asset or a cash generating unit may be impaired. The assessment of the impairment indicators involves the application of a number of significant judgments and estimates to certain variables, including metal price trends, exploration plans for properties and the results of exploration and evaluation to date.

Results of Operations for the year ended December 31, 2021 Expressed in Canadian dollars

iv) Financial instruments

Financial instruments are assessed upon initial recognition to determine whether they meet the definition of a financial asset, financial liability or equity instrument depending on the substance of the contractual arrangement. Judgment is required in making this determination as the substance of a transaction may differ from its legal form. Once a determination is made, IFRS requires that financial instruments be measured at fair value on initial recognition. For financial instruments that do not have quoted market prices or observable inputs, judgments are made in determining what are appropriate inputs and assumptions to use in calculating the fair value.

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

11.1. Provisions

Provisions recognized in the consolidated financial statements involve judgments on the occurrence of future events, which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

As at December 31, 2021 and 2020, other than accrued liabilities, the Company did not have any material provisions.

11.2. Reclamation obligations

Management assesses its reclamation obligations annually and when circumstances suggest that a material change to the obligations may have occurred. Significant estimates and assumptions are made in determining the provision for site reclamation and closure, as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent, the timing and the cost of reclamation activities, regulatory change, cost increases, and changes in discount rates. Those uncertainties may result in actual expenditures differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future reclamation costs required. Changes to estimated future costs are recognized in the statement of financial position by adjusting the reclamation asset and liability.

As the Company's projects are in early-stage exploration, management estimated the provision to be $nil as at December 31, 2021 and 2020.

11.3. Share-based compensation

The Company determines the fair value of share options granted using the Black-Scholes option pricing model. This option pricing model requires the development of market-based subjective inputs, including the risk-free interest rate, expected price volatility and expected life of the option. Changes in these inputs and the underlying assumption used to develop them can materially affect the fair value estimate.

The fair value of the share-based options granted during the twelve months ended December 31, 2021, were estimated using the Black-Scholes option valuation model with the following weighted average assumptions:

	Year ended December 31,	
	2021	2020
Risk-free interest rate	**1.07%**	0.36%
Expected dividend yield	**Nil**	Nil
Share price volatility	**69%**	70%
Expected life in years	**5**	5
Expected forfeiture rate	**4.52%**	Nil

11.4. Income taxes

The provision for income taxes and composition of income tax assets and liabilities requires management's judgment. The application of income tax legislation also requires judgment in order to interpret legislation and to apply those findings to the Company's transactions.

11.5. Deferred tax assets and liabilities

Management judgment and estimates are required in assessing whether deferred tax assets and deferred tax liabilities are recognized in the consolidated statements of financial position. Judgments are made as to whether future taxable profits will be available in order to recognize deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. These judgments and assumptions are subject to risk and uncertainty and changes in circumstances may alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the consolidated statements of financial position and the benefit of other tax losses and temporary differences not yet recognized.

12. Changes in accounting policies

The Company has adopted the following amended accounting standards and policies effective January 1, 2021:

IBOR Reform and the Effects on Financial Reporting – Phase II

In August 2020, the Board issued Interest Rate Benchmark Reform—Phase 2, which amends IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement, IFRS 7, Financial Instruments: Disclosures, IFRS 4, Insurance Contracts and IFRS 16, Leases. This amendment had no impact on the Company's consolidated financial statements.

New and amended standards not yet effective:

Certain new accounting standards and interpretations have been issued but were not effective for the year ended December 31, 2021, and they have not been early adopted. The Company is currently assessing the new and amended standards' impact on its consolidated financial statements; however, they are not expected to have a material impact on the Company's current or future reporting periods.

Annual Improvements to IFRSs 2018-2020 Cycle

Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards and has an effective date of January 1, 2022:

IFRS 1 - First-time Adoption of International Financial Reporting Standards: The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 - Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the consolidated statements of financial position and not the amount or timing of recognition of any asset, liability, income, or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of "settlement" to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets, or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the concept of changes in accounting estimates in the Standard was retained with the following clarifications:

• A change in accounting estimate that results from new information or new developments is not the correction of an error; and
• The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after January 1, 2023, to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

13. Financial instruments and other instruments

As at December 31, 2021, the Company's financial instruments consist of cash, accounts receivable, deposits, accounts payable and accrued liabilities. The fair values of these financial assets and liabilities approximate their carrying values due to their short-term maturity.

The Company's financial instruments are exposed to certain financial statement risks including credit risk, liquidity risk and market risks, which includes foreign currency risk. Details of the primary risks to which the Company is exposed at December 31, 2021, are laid out in the notes to the Company's December 31, 2021 consolidated financial statements.

14. Other required disclosure

14.1. Capital structure

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

Issued share capital:

As at April 29, 2022, there are 84,690,481 common shares of the Company issued and outstanding.

As at December 31, 2021, there were 77,515,414 common shares of the Company issued and outstanding.

As at April 29, 2022, there were 7,645,000 share purchase options and 7,033,400 share purchase warrants outstanding.

As at December 31, 2021, there were 7,745,000 share purchase options and nil warrants outstanding.

In connection with the non-brokered private placement financing completed March 18, 2022, the Company has issued 7,033,400 equity units at an offering price of $0.75, each unit includes one three-year share purchase warrant, exercisable at $1.10. The warrant is subject to accelerated expiry if the common shares trade above $1.75 for 20 consecutive trading days after the first 12 months.

14.2 Disclosure controls and procedures

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

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The consolidated financial statements for the years ended as at December 31, 2021 and 2020 have been prepared by management in accordance with IFRS and in accordance with accounting policies set out therein.

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

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

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 under Torq Resources Inc's profile.

On behalf of the Board of Directors,

"Michael Kosowan"
Michael Kosowan
President and Chief Executive Officer
April 29, 2022