TORQ RESOURCES

(An exploration stage company)

Torq Resources Inc.

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2022

(Expressed in Canadian dollars - Unaudited)

(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

	Notes	**March 31, 2022**	December 31, 2021
Assets			
Current assets			
Cash		**$ 4,711,862**	$ 1,899,324
Accounts receivable		**17,928**	150,258
Prepaid expenses and deposits		**673,622**	664,433
		5,403,412	2,714,015
Equipment	3	**378,016**	383,270
Mineral property interests	4	**912,977**	888,198
Total assets		**$ 6,694,405**	$ 3,985,483
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**$ 780,844**	$ 676,536
Total liabilities		**780,844**	676,536
Equity			
Share capital	7	**53,845,806**	49,124,432
Share option and warrant reserve	8	**9,789,725**	9,284,921
Shares to be issued	7(c)	**70,862**	99,031
Accumulated other comprehensive loss		**(49,639)**	(52,263)
Deficit		**(57,743,193)**	(55,147,174)
Total equity		**5,913,561**	3,308,947
Total liabilities and equity		**$ 6,694,405**	$ 3,985,483

Going concern (Note 1 (c)); Subsequent event (Note 9); Commitment (Note 9)

Approved on behalf of the Board of Directors:

"Michael Kosowan"
President, Chief Executive Officer and Director

"Jeffrey Mason"
Director

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

(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

	Notes	Three months ended March 31, **2022**	2021
Operating expenses			
Exploration and evaluation	5	**$ 1,569,750**	$ 119,924
Fees, salaries and other employee benefits		**513,106**	231,883
Legal and professional		**47,363**	81,285
Marketing and investor relations		**270,932**	465,466
Office and administration		**142,170**	212,127
Regulatory, transfer agent and shareholder information		**23,167**	17,671
Project investigation	6	**25,405**	120,986
		2,591,893	1,249,342
Other expenses (income)			
Interest and other income		**(7,656)**	(11,356)
Foreign exchange loss		**11,782**	79,206
		4,126	67,850
Net loss for the period		**$ 2,596,019**	$ 1,317,192
Other comprehensive loss			
Unrealized currency (gain) loss on translation of foreign operations		**(2,624)**	2,988
Total comprehensive loss for the period		**$ 2,593,395**	$ 1,320,180
Basic and diluted loss per share		**$ 0.03**	$ 0.02
Basic and diluted weighted average number of shares		**79,859,881**	77,369,386

The accompanying notes form 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, unless otherwise stated - Unaudited)

	Notes	Number of common shares	Share capital	Share option and warrant reserve	Shares to be issued	Accumulated other comprehensive loss	Deficit	Total equity
Balance, December 31, 2020		**77,359,164**	**$ 49,003,385**	**$ 8,558,963**	**$ -**	**$ (1,347)**	**$ (48,669,070)**	**$ 8,891,931**
Share options exercised		40,000	33,825	(9,025)	-	-	-	24,800
Share-based compensation		-	-	16,226	-	-	-	16,226
Shares to be issued for finders' fee		-	-	-	159,969	-	-	159,969
Other comprehensive loss for the period		-	-	-	-	(2,988)	-	(2,988)
Net loss for the period		-	-	-	-	-	(1,317,192)	(1,317,192)
Balance, March 31, 2021		**77,399,164**	**$ 49,037,210**	**$ 8,566,164**	**$ 159,969**	**$ (4,335)**	**$ (49,986,262)**	**$ 7,772,746**
Balance, December 31, 2021		**77,515,414**	**$ 49,124,432**	**$ 9,284,921**	**$ 99,031**	**$ (52,263)**	**$ (55,147,174)**	**$ 3,308,947**
Shares and share purchase warrants issued pursuant to offering, net of share issue costs	7(b)	**7,033,400**	**4,693,205**	**351,670**	**-**	**-**	**-**	**5,044,875**
Share-based compensation	8	**-**	**-**	**153,134**	**-**	**-**	**-**	**153,134**
Shares to be issued for finders' fee	7(c)	**141,667**	**28,169**	**-**	**(28,169)**	**-**	**-**	**-**
Other comprehensive gain for the period		**-**	**-**	**-**	**-**	**2,624**	**-**	**2,624**
Net loss for the period		**-**	**-**	**-**	**-**	**-**	**(2,596,019)**	**(2,596,019)**
Balance, March 31, 2022		**84,690,481**	**$ 53,845,806**	**$ 9,789,725**	**$ 70,862**	**$ (49,639)**	**$ (57,743,193)**	**$ 5,913,561**

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

TORQ RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

	Notes	Three months ended March 31, 2022	2021
Operating activities			
Net loss for the period		**$ (2,596,019)**	$ (1,317,192)
Non-cash transactions:			
Share-based compensation	8 (a)	**153,134**	16,226
Depreciation expense	3	**16,016**	-
Unrealized foreign exchange (gain) loss		**(22,899)**	8,728
Interest and other income		**(7,656)**	(11,356)
Changes in non-cash working capital:			
Accounts receivable		**132,171**	610
Prepaid expenses and deposits		**(9,483)**	(45,125)
Accounts payable and accrued liabilities		**97,607**	97,961
Cash used in operating activities		**(2,237,129)**	(1,250,148)
Investing activities			
Options payments on mineral properties	4	**(31,745)**	(63,065)
Transaction costs on acquisition of mineral properties		**-**	(28,493)
Purchase of equipment	3	**(9,323)**	(112,779)
Interest and other income received		**7,656**	11,356
Cash used in investing activities		**(33,412)**	(192,981)
Financing activities			
Proceeds from the exercise of share options		**-**	24,800
Proceeds from the issuance of shares and share purchase warrants	7(b)	**5,044,875**	-
Cash provided by financing activities		**5,044,875**	24,800
Effect of foreign exchange rate changes on cash		**38,204**	(11,716)
Increase (decrease) in cash		**2,812,538**	(1,430,045)
Cash, beginning of the period		**1,899,324**	8,748,073
Cash, end of the period		**$ 4,711,862**	$ 7,318,028

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

NOTE 1 – BUSINESS OVERVIEW

(a) Corporate information

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") as a Tier 2 mining issuer. 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.

(b) Nature of operations

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

(c) Going concern

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern. As at March 31, 2022, the Company has net working capital of $4,622,568 while it incurred a loss for the period of $2,596,019 for the three months ended. 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. Although the Company has had success raising capital in the past, and on March 18, 2022, announced the completion of a non-brokered private placement for gross proceeds of $5,275,050, 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 have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations.

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.

(d) Response to COVID-19

The situation in Canada and Chile with respect to the management of COVID-19 remains fluid and permitted activities are subject to change; the Company is continually reviewing the situation along with provincial and government guidelines and allowing work to be undertaken as long as it is confident that its employees and communities are safe to do so.

While remaining compliant with the restrictions arising from the ongoing management of the pandemic, the Company was able to achieve its planned goals during the three months ended March 31, 2022. As the situation surrounding COVID-19 continues to develop, albeit to a lesser extent, the Company will continue to monitor the situation closely and respond appropriately.

NOTE 2 – BASIS OF PRESENTATION

(a) Statement of compliance

These 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") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim 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, 2021 and 2020.

These condensed consolidated interim financial statements (the "financial statements") should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2021 and 2020.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on May 27, 2022.

(b) Basis of preparation 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 condensed consolidated interim financial statements include the financial statements of the Company, and 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. Subsequent to the period end, the Company acquired a 25% interest in Universal Mineral Services Ltd ("UMS") as discussed in Note 9.

Subsidiary	**Place of incorporation**	**Functional currency**
Stratton Resources (Canada) Inc.	B.C., Canada	CAD
Torq Resources Holdings Inc.	B.C., 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

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.

Intercompany balances and transactions have been eliminated on consolidation.

(c) Critical accounting judgments and estimates

The preparation of the 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 condensed consolidated interim 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 were presented in Note 2 of the audited consolidated financial statements for the years ended December 31, 2021 and 2020, and have been consistently applied in the preparation of these condensed consolidated interim financial statements. No new estimates and judgements were applied for the period ended March 31, 2022.

(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

NOTE 3 – EQUIPMENT

Balance as at December 31, 2020	**$ -**
Additions	415,529
Depreciation	(32,723)
Currency translation adjustment	464
Balance as at December 31, 2021	**383,270**
Additions	**9,323**
Depreciation	**(16,016)**
Currency translation adjustment	**1,439**
Balance as at March 31, 2022	**$ 378,016**

NOTE 4 – MINERAL PROPERTY INTERESTS

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

	Margarita Project	**Andrea Project**	**Santa Cecilia Project**	**Total**
As at December 31, 2020	$ -	$ -	$ -	$ -
Acquisition cost	103,747	32,707	141,706	278,160
Finder's fees shares	159,969	-	-	159,969
Option payments	189,790	132,038	123,580	445,408
Foreign currency translation	380	1,081	3,200	4,661
As at December 31, 2021	**$ 453,886**	**$ 165,826**	**$ 268,486**	**$ 888,198**
Option payments	**31,745**	**-**	**-**	**31,745**
Foreign currency translation	**(3,235)**	**(1,910)**	**(1,821)**	**(6,966)**
As at March 31, 2022	**$ 482,396**	**$ 163,916**	**$ 266,665**	**$ 912,977**

(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") in separate tranches as follows: 81,250 shares were issued on April 7, 2021; 141,667 shares were issued on March 31, 2022, and the final 243,750 shares are to be issued on March 31, 2023. These Finder's Fee Shares have been recognized at a total $159,969 fair value within equity. Fair value of the Finder's Fee shares was determined with the first tranche of 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). The fair value of the remaining 385,417 shares was measured using the Black Scholes pricing model.

(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

Margarita Claims

Under the option agreement, the Company can acquire a 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$2.2 million of eligible work expenditures had been incurred as at March 31, 2022.

		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.

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 (paid C$31,795)		25,000
August 23, 2022		225,000
February 23, 2023		250,000
February 23, 2024		350,000
	$	**900,000**

The schedule of the La Cototuda option payments were amended during the quarter and the table above shows the commitments as agreed at the date of these condensed consolidated interim financial statements.

(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

(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 Andrea, subject to NSR, through cash payments as follows:

		Cash payments (US$)
July 23, 2021 (paid C$132,038)	$	105,000
May 24, 2022 (paid subsequent to period end)		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) Santa Cecilia project

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, ("Santa Cecilia"), 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, which includes both drill permits and social license from indigenous communities located in the area of interest, to start its exploration campaigns.

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

(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

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.

NOTE 5 – EXPLORATION AND EVALUATION

For the three months ended March 31, 2022, the Company's exploration and evaluation costs were as follows:

	Margarita	Andrea	Santa Cecilia	Total
Geological consulting, salaries and wages	$ 257,240	$ 68,924	$ 255,890	$ 582,054
Geophysics, sampling and assays	69,293	472	-	69,765
Share-based compensation	15,970	4,150	6,137	26,257
Travel, meals and accommodation	40,036	3,568	3,602	47,206
Environmental and permitting	2,392	15,128	36,452	53,972
Project support	50,777	28,580	32,349	111,706
Drilling	678,790	-	-	678,790
Total	**$ 1,114,498**	**$ 120,822**	**$ 334,430**	**$ 1,569,750**

For the three months ended March 31, 2021, the Company's exploration and evaluation costs were $119,924 which were related to the Margarita project.

NOTE 6 – PROJECT INVESTIGATION

	Three months ended March 31,	
	2022	2021
Geological consulting, salaries and wages	**$ 23,269**	$ 110,309
Share-based compensation	**-**	8,200
Travel, meals and accommodation	**113**	428
Project support	**2,023**	2,049
	$ 25,405	$ 120,986

NOTE 7 – SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) Common share issuances

During the three months ended March 31, 2022, the Company issued 141,667 common shares with a $28,169 fair value, pursuant to the Margarita Project finder's fee agreement (Note 4 (a)).

On March 1, 2022, the Company closed a non-brokered private placement of 7,033,400 units at a price of $0.75 per unit for gross proceeds of $5,275,050. Each unit consists of a common share and a three-year share purchase warrant, exercisable at $1.10. Share issuance costs including customary referral fees amounted to $230,175.

March 2022 Private placement	
Gross proceeds	**$ 5,275,050**
Share issuance costs	(230,175)
Net proceeds	5,044,875
Warrants	(351,670)
Impact on share capital	**$ 4,693,205**

(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

The Company applied the residual value approach to allocate the proceeds received from the unit offering to their respective components (shares and warrants). Using this approach, the Company attributed a residual value of $351,670 to the warrants issued.

(c) Shares to be issued

As discussed in Note 4(a), in 2021 the Company incurred finder's fees requiring issuance of 466,667 common shares of the Company in relation to the Margarita Project option agreement. These shares are to be issued in three tranches; during the three months ended March 31, 2022, the second tranche of 141,667 shares were issued with $28,169 reclassified from shares to be issued to share capital. The remaining 243,750 shares are to be issued to the finders in one further tranche in 2023.

NOTE 8 – SHARE OPTION AND WARRANT RESERVE

(a) Share-based options

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

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

	Number of share options	**Weighted average exercise price**
Outstanding, December 31, 2020	6,846,875	$ 0.81
Granted	2,420,000	0.80
Exercised	(75,000)	0.56
Expired	(1,384,375)	0.85
Forfeited	(62,500)	0.77
Outstanding, December 31, 2021	**7,745,000**	**0.80**
Cancelled/Expired	**(100,000)**	**0.85**
Outstanding, March 31, 2022	**7,645,000**	**$ 0.80**

As at March 31, 2022, the number of share options outstanding and exercisable was as follows:

	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	4,400,000	$ 0.85	0.42	4,200,000	$ 0.85	0.42
Sep 21, 2023	125,000	0.50	1.48	125,000	0.50	1.48
Apr 1, 2024	250,000	0.50	2.01	250,000	0.50	2.01
May 25, 2025	400,000	0.58	3.15	400,000	0.58	3.15
Jun 25, 2025	150,000	0.66	3.24	150,000	0.66	3.24
Apr 7, 2026	1,355,000	0.77	4.02	846,875	0.77	4.02
Sep 3, 2026	375,000	0.82	4.43	187,500	0.82	4.43
Nov 24, 2026	590,000	0.86	4.65	221,250	0.86	4.65
	7,645,000	**$ 0.80**	**1.85**	**6,580,625**	**$ 0.80**	**1.45**

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 months ended March 31, 2022 and 2021, the Company recognized share-based compensation expense as follows:

(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

	Three months ended March 31,			
		2022		2021
Included in:				
Exploration and evaluation	**$**	**26,257**	$	-
Fees, salaries and other employee benefits		**115,903**		8,026
Marketing and investor relations		**10,974**		-
Project investigation		-		8,200
	$	**153,134**	$	16,226

(b) Share purchase warrants

As at March 31, 2022, the Company had 7,033,400 share purchase warrants outstanding (December 31, 2021- nil).

NOTE 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 March 31,			
		2022		2021
Universal Mineral Services Ltd. ("UMS")				
Exploration and evaluation	**$**	**24,730**	$	-
Fees, salaries and other employee benefits		**71,255**		42,345
Marketing and investor relations		**2,822**		9,038
Office and administration		**60,020**		43,421
Project investigation		**436**		24,456
Legal and professional		**14,785**		-
Regulatory, transfer agent and shareholder information		**51**		42
Share issue costs		**1,146**		-
Total transactions for the period	**$**	**175,245**	**$**	119,302

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 March 31, 2022, the Company expects to incur approximately $1.2 million in respect of its share of future rent.

Throughout the year ended December 31, 2021, UMS was owned by Ivan Bebek and Shawn Wallace who were both directors of Torq, although Mr Bebek retired from the Board of Torq in November 2021. 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. Steven 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, subsequent to the period end, 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.

As at March 31, 2022, the Company's accounts payable and accrued liabilities include an amount owing to UMS of $62,002 (December 31, 2021 - $115,446). In addition, the Company has $420,000 on deposit with UMS, recognized within prepaid expenses and deposits as at March 31, 2022 (December 31, 2021 - $458,112).

Key management compensation

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

	Three months ended March 31,	
	2022	2021
Salaries and other employee benefits	**$ 234,486**	$ 200,463
Fees paid to non-executive directors	**15,492**	17,813
Share-based compensation	**42,173**	13,492
	$ 292,151	$ 231,768

NOTE 10 – 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 March 31, 2022, 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 March 31, 2022, 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 March 31, 2022, the Company has working capital of $4,622,568 (December 31, 2021 - $2,037,479) and held cash of $4,711,862 (December 31, 2021 - $1,899,324), which is entirely unrestricted.

On March 18, 2022, the Company 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.

(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:

i. 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 March 31, 2022 and December 31, 2021, 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:

(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

In CAD		March 31, 2022		December 31, 2021
Period end exchange rate CAD per USD	**$**	**1.2496**	$	1.2678
Cash	**$**	**10,483**	$	80,797
Accounts payable and accrued liabilities		**(18,744)**		(74,924)
	$	**(8,261)**	$	5,873

In USD		March 31, 2022		December 31, 2021
Period end exchange rate CLP per USD	**$**	**785.6393**	$	853.5942
Cash	**$**	**473,850**	$	270,889
Accounts receivable and other		**25,485**		99,069
Accounts payable and accrued liabilities		**(361,925)**		(225,199)
	$	**137,410**	$	144,759

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 three months ended March 31, 2022.

NOTE 11 – SEGMENTED INFORMATION

The Company operates as one operating segment, being the acquisition and exploration of mineral resource properties.

Torq was not subjected to restrictions on its cash as at March 31, 2022.