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 three and nine months ended September 30, 2023
(Expressed in Canadian Dollars)

Dated: November 29, 2023

1. HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND THE PERIOD UP TO NOVEMBER 29, 2023

1.1 Operational highlights

- On October 18, 2023, Torq Resources Inc. ("Torq" or the "Company") announced the first set of results from its phase III drill program at its Margarita iron-oxide-copper-gold project, which began mid-August, 2023. The objective of this drill program was to test the potential to expand the original Falla 13 discovery area, both along strike and laterally, as well as to test a number of undrilled targets that were identified by anomalous gold-in-soils, permissive geology and geophysical signatures of conductivity and chargeability. The reverse-circulation ("RC") drill program consisted of approximately 4,000 metres ("m") and identified a new parallel mineralized structure 200 m west of the original Falla 13 discovery, intersecting 42 m of 1.1 g/t gold and 0.48% copper of sulphide mineralization in drill hole 23MAR-031R. A new zone of copper oxide mineralization was also discovered in the southern area of the project at the Cototuda target, where 132 m of 0.48% copper was intersected in drill hole 23MAR-035R. Finally, broad zones of copper oxide mineralization were encountered at the historically drilled Margarita structural corridor, at the southwest limit of the property, where Torq drilled 62 m of 0.49% copper and 134 m of 0.29% copper in drill hole 23MAR-036R. The results from the remaining seven drill holes are pending.

- On August 2, 2023, the Company announced drill results from the first two drill holes at the Cerro del Medio target in the Company's inaugural drill program at the Santa Cecilia gold – copper porphyry project ("Santa Cecilia"). Drill holes 23SC-DDH-001 and 23SC-DDH-002 are located 700 m apart and were designed to cross a northeast trending structural corridor with the objective of intersecting new porphyry phases and higher-grade mineralization than the 2012 historical intercept in drill hole CDM-12-003, which consisted of 925.7 m of 0.21g/t gold, 0.27% copper and 82 parts per million ("ppm") molybdenum. The results from the Company's drill holes, 23SC-DDH-001 and 23SC-DDH-002, were 476.3 m of 0.23 g/t gold, 0.22% copper and 93 ppm molybdenum at a hole depth of 584 m – 1,060.3 m and 557 m of 0.38 g/t gold, 0.23% copper and 56 ppm molybdenum at a hole depth of 442 m – 999 m respectively. Both drill holes bottomed in mineralization and significantly expanded porphyry mineralization to the south and east from the historical drilling. The gold grades encountered in drill hole 23SC-DDH-002 represent an 81% increase from the 2012 historical intercept from CDM-12-003 and provide a vector to the south and the east toward a potentially higher-grade causative intrusion.

- On July 19, 2023, the Company announced the results of its rock sampling program, based on a total of 196 samples, that were collected from the Pircas Norte and Gemelos Norte target areas from the eastern region of the Santa Cecilia project. The highlights from selective rock sampling targeting porphyry-style veining included gold grades of 0.3 g/t to 0.83 g/t in banded quartz-magnetite-pyrite veinlets with copper grades ranging from 438 ppm to 0.44% at Pircas Norte. At the Gemelos Norte target, highlights from the selective rock sampling targeting porphyry style veining included gold grades of 0.13 g/t to 1.49 g/t. In addition, at Gemelos Norte, two epithermal veins sampled on the southwestern edge of the target area had gold grades of 12.05 g/t and 3.36 g/t and copper grades of 2.3% and 285 ppm, respectively. Collectively, the rock sampling results from both Pircas Norte and Gemelos Norte demonstrated mineralized gold – copper and gold porphyry systems that are exposed on surface.

- On May 3, 2023, the Company announced the results of its soil survey from Santa Cecilia. The results of the soil survey are based on 1,503 samples of a total of 1,735 soil samples that were collected on a 70 m by 70 m grid across the Santa Cecilia hydrothermal system. The results indicated a total of seven porphyry targets.

1.2 Corporate highlights

- On November 8, 2023, the Company announced that it had commenced a public offering (the "Offering") for the sale of a minimum of 16,000,000 units of the Company (the "Units") to a maximum of 24,000,000 Units at a price of C$0.25 per Unit for minimum gross proceeds of C$ 4,000,000 to a maximum of C$6,000,000. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant (each whole warrant a "Warrant"). Each Warrant will be exercisable to purchase one common share of the Company at a price of C$0.35 for a period of three years from the closing date. The net proceeds from the Offering will be used for exploration of the Company's Santa Cecilia project and for general corporate and working capital purposes.

- On March 10, 2023, the Company announced that it had completed a private placement for gross proceeds of $6,260,339, consisting of 10,433,899 units of the Company (the "Units") at a price of $0.60 per Unit. Each Unit consisted of one Torq common share and one half of a share purchase warrant, two half-warrants being required to exercise and acquire a common share at $0.80 until March 10, 2026.

- On February 10, 2023, the Company announced that it had obtained a receipt for its final short form base shelf prospectus (the "Shelf Prospectus") filed with the securities commissions in each of the provinces and territories of Canada. The filing of this Shelf Prospectus provides the Company with financing flexibility; under the Shelf Prospectus, the Company may issue and sell up to $60,000,000 of common shares, warrants, subscription receipts, units, debt securities, or any combination thereof, from time to time over the 25-month period that the Shelf Prospectus remains effective.

2. DATE OF INFORMATION AND CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Management Discussion and Analysis ("MD&A") of Torq has been prepared by management to assist the reader in assessing material changes in the financial condition and results of operations of the Company as at September 30, 2023. Commentary is made on the results of the period under review. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company ("financial statements") and related notes thereto as at and for the three and nine months ended September 30, 2023 and 2022. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board ("IASB") and all dollar amounts presented are Canadian dollars unless otherwise stated.

United States readers should be aware that the Company uses mineral terminology based on the Canadian Institute of Mining and Metallurgy ("CIM"). CIM standards are not the same as those accepted by the US Securities Exchange Commission for US domestic mining company disclosure. Further details of these differences can be found in the Company's Annual Information Form filings.

The effective date of this MD&A is November 29, 2023.

2.1. Forward-looking statements and risk factors

Certain statements made in this MD&A contain forward-looking information within the meaning of applicable Canadian and United States securities laws ("forward-looking statements"). These forward-looking statements are presented for the purpose of assisting the Company's shareholders and prospective investors in understanding management's intentions and views regarding future outcomes and are inherently uncertain and should not be heavily relied upon. When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company, identify such forward-looking statements. Specific forward-looking statements in this MD&A may include, but are not limited to: the Company's ability to execute on its exploration and financing plans, the likelihood of discovering resources; the potential for access to and exploration of the Company's Margarita, Andrea or Santa Cecilia projects; permitting timelines; government regulation of mining operations; environmental and climate-related risks; the possible impairment of mining interests; any objectives, expectations, intentions, plans, results, levels of activity, goals or achievements; the timing and amount of estimated exploration expenditures and capital raises for the Company; the liquidity of the common shares in the capital of the Company and other events or conditions that may occur in the future; the Company's intention to grow its business and its operations; the Company's competitive position; changes to government regulation, in particular Chilean; and the impact of the COVID-19 pandemic on the Company's operations and the economy generally.

The forward-looking statements contained in this MD&A represent the Company's views as of the date hereof. The assumptions related to these plans, estimates, projections, beliefs and opinions may change without notice and in unanticipated ways. Many assumptions may prove to be incorrect, including the Company's budgeting plans, expected costs, assumptions regarding market conditions and other factors upon which the Company has based its expenditure and funding expectations; the Company's ability to obtain or renew the licenses and permits necessary for exploration; that operations and financial markets will not in the long term be adversely impacted by the COVID-19 pandemic; the Company's ability to complete and successfully integrate acquisitions; the possible effects of climate change, extreme weather events, water scarcity, and seismic events, and the effectiveness of strategies to deal with these issues; the Company's expectations regarding the future demand for, and supply and price of, precious and base metals; the Company's ability to recruit and retain qualified personnel; the Company's ability to comply with current and future environmental, safety and other regulatory requirements and to obtain and maintain required regulatory approvals.

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 for exploration activities; risks and hazards associated with the business of mineral exploration (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; the current lack of any estimated mineralized deposit; environmental risks and remediation measures, including evolving environmental regulations and legislation; changes in laws and regulations impacting exploration 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 flow, 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; availability of drilling equipment and other exploration equipment; timely receipt of appropriate exploration permits; 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 TSX Venture Exchange ("TSX-V"); 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. This is not an exhaustive list of the risks and other factors that may adversely affect any of the Company's forward-looking statements. Readers should refer to the risks discussed herein and in the Company's Annual Information Form for the year ended December 31, 2022, filed on March 27, 2023, and subsequent disclosure filings with the Canadian Securities Administrators, available on SEDAR+ at www.sedarplus.ca 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.

3. DESCRIPTION OF THE 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-V, where its shares trade under the symbol TORQ.V and on the OTCQX where its shares trade under the US symbol TRBMF.

The information presented consists of the financial statements of the Company, and the following 100% beneficially owned subsidiaries:

Expressed in Canadian dollars, unless otherwise stated

Subsidiary	Place of Incorporation	Functional Currency	Beneficial Interest
Torq Resources Chile SpA	Chile	US$	100%
Minera Margarita SpA	Chile	US$	100%
Minera Andrea SpA	Chile	US$	100%
Minera Santa SpA	Chile	US$	100%
Torq Operaciones Chile SpA	Chile	US$	100%

Candelaria Minerals S.A.C., a dormant subsidiary of the Company, was dissolved in January 2023.

3.1. Ongoing response to COVID-19

While the Company continues to monitor developments with regards to COVID-19 and permitted activities, there were no impacts to the Company's operating activities in the first nine months of 2023 arising from COVID-19.

3.2. Qualified persons and technical disclosures

Michael Henrichsen P.Geo, Torq's Chief Geological Officer, is the qualified person as defined by National Instrument 43-101 with respect to the technical disclosures in this MD&A.

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, 2021	$	453,886	$	165,826	$	268,486	$	888,198
Additions		3,435		-		-		3,435
Option payments		477,841		170,937		409,470		1,058,248
Foreign currency translation		35,977		21,000		5,510		62,487
As at December 31, 2022	$	971,139	$	357,763	$	683,466	$	2,012,368
Option payments		406,560		81,204		-		487,764
Foreign currency translation		(2,207)		(660)		(960)		(3,827)
As at September 30, 2023	**$**	**1,375,492**	**$**	**438,307**	**$**	**682,506**	**$**	**2,496,305**

4.1. Margarita project

Pursuant to the execution of the Margarita Project option agreement, the Company incurred finders' fees to be paid in shares of the Company and issued in separate tranches; on March 31, 2023, the final tranche of shares was issued in final settlement of the agreement with the finders.

Margarita Claims

Under the option agreement, the Company may acquire a 100% interest in the Margarita claims by making cash payments totaling US$6,200,000 over 66 months. To maintain the option, the Company is also required to incur work expenditures totaling US$3,050,000 within 30 months of the signing date of the definitive agreement (February 22, 2021), which have been fully incurred as at September 30, 2023.

Expressed in Canadian dollars, unless otherwise stated

		Cash payments (US$)		Work expenditures requirement (US$)
April 20, 2021 (paid $62,445)	$	50,000	$	-
August 22, 2021 (paid $64,280 and work requirements met)		50,000		400,000
August 22, 2022 (paid $155,013 and work requirements met)		100,000		1,150,000
August 18, 2023 (paid $406,560 and work requirements met)		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**

La Cototuda Claim

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

		Cash payments (US$)
February 23, 2021 (paid $63,065)	$	50,000
February 23, 2022 (paid $31,745)		25,000
August 23, 2022 (paid $291,083)		225,000
October 23, 2023 (paid subsequent to the period end)		250,000
February 23, 2024		350,000
	$	**900,000**

Two legal claims arose in 2022 regarding the mineral exploration rights over a non-material section (approximately 10 metres wide) at the edge of the Margarita southern property. While the outcome of these legal claims is uncertain, management, after review with legal counsel, believes the claims have no merit. The issuance of the final court decision is pending.

Exploration Activities

A summary of exploration and evaluation costs for the Margarita project is as follows:

Margarita project		**Three months ended September 30,**				**Nine months ended September 30,**		
		2023		2022		**2023**		2022
Drilling	**$**	**840,399**	$	579,114	**$**	**840,399**	$	1,352,879
Geological consulting, salaries and wages		**389,029**		368,862		**955,425**		924,423
Geophysics, sampling and assays		**223,853**		224,037		**284,453**		378,602
Project support		**437,298**		198,247		**756,346**		575,602
Travel, meals and accommodation		**88,570**		100,212		**246,471**		211,764
Environmental, permitting and concessions		**34,272**		2,495		**158,342**		14,950
Equipment, vehicles, rent and field supplies		**3,815**		70,371		**10,864**		81,972
Share-based compensation		**46,039**		44,621		**293,152**		71,301
Total	**$**	**2,063,275**	$	1,587,959	**$**	**3,545,452**	$	3,611,493

During the three and nine months ended September 30, 2023, the Company executed on its plan to define additional targets on the Margarita project through the completion of a multi-element soil geochemistry survey and to initiate and complete its phase III drill program. Extensive leaching of copper within the top 20 – 30 m from surface had been observed in the drill results from the Falla 13 discovery in both the phase I and phase II drill programs (both RC drill programs), leading the Company to conduct the multi-element soil geochemistry survey across the project area, primarily to identify gold anomalies as a proxy for copper-gold mineralization. The results of this survey identified targets adjacent to the Falla 13 discovery area that demonstrate its potential for growth as well as five new target areas that collectively became the focus of the phase III RC drill program that began on August 17, 2023.

Preparation for the Phase III Drill Program

A number of geochemical targets were identified proximal to the Falla 13 discovery on the Margarita project that included intercepts of 90 m of 0.94% copper and 0.84 g/t gold (22MAR-013R) and 98 m of 0.68% copper and 0.94 g/t gold (22MAR-014R) within a defined 800 m long mineralized body. The results of the phase II drill program demonstrated that the mineralized system is open along strike to the north-northwest, with the most northerly drill hole, 22MAR-022R, intersecting 48 m of 0.37 g/t gold and 0.26% copper (including 20 m of 0.47 g/t gold and 0.35% copper). Gold geochemistry results have supported the potential to expand mineralization along strike to the north-northwest by 500 m, with gold values in soils observed to the north being comparable to those observed over the Falla 13 discovery.

The Company believes there is the potential for flat lying Manto-style mineralization immediately to the west of the Falla 13 discovery area, where drilling and mapping have defined a mineralized permeable contact horizon between the volcanics and intrusives, located at a depth of approximately 100 m. In this case, the sub-vertical Falla 13 structure acts as a feeder where ascending mineralized hydrothermal fluids can flow laterally along the permeable contact between the volcanics and intrusives, demonstrating the potential to extend the known mineralization considerably. In addition, a second parallel structure has been recognized 300 m to the east of Falla 13 structural corridor. Gold geochemistry results from the parallel structure are consistent with results observed along the Falla 13 discovery and provide a 500 m long north-northwest oriented target that is undrilled. Finally, the west-northwest structures that link the two parallel structures are all deemed to be targets, with drill hole 22MAR-023 intersecting 130 m of 0.36 g/t gold and 0.28% copper (including 30 m of 1.02 g/t gold and 0.57% copper) across one of the west-northwest oriented structures.

The gold geochemistry results also delineated five target areas that had not been previously drill tested. This included three of the five targets, namely: the Remolino; Margarita North; and Cototuda targets, which were all focuses of the phase III drill program. The additional two targets are prominent gold-in-soil anomalies that are located in the northern third of the project, within areas of generally poor outcrop exposure, and are currently considered early-stage. The Company plans to conduct additional mapping in order to advance these targets to drill stage.

Phase III Drill Program

On October 18, 2023, the Company announced the first set of results from its phase III drill program, which consisted of 14 drill holes over 3,862 m, and which also successfully accomplished the Company's main objectives of: 1) expanding on the original Falla 13 discovery area and 2) discovering a new mineralized body to demonstrate the scale and potential of the mineralized system that encompasses the Margarita project.

The phase III drill program identified a new parallel mineralized structure 200 m west of the original Falla 13 discovery, intersecting 42 m of 1.1 g/t gold and 0.48% copper of sulphide mineralization in drill hole 23MAR-031R and in addition, a new zone of copper oxide mineralization was discovered in the southern area of the project at the Cototuda target, where 132 m of 0.48% copper was intersected in drill hole 23MAR-035R. Finally, broad zones of copper oxide mineralization were encountered at the historically drilled Margarita structural corridor, at the southwest limit of the property, where Torq drilled 62 m of 0.49% copper and 134 m of 0.29% copper in drill hole 23MAR-036R.

Drill hole 23MAR-031R is located approximately 200 m west of the original Falla 13 discovery structure in a zone of significant surfacial iron oxides, without a strong gold or copper signature on surface. The drill hole intersected 42 m of 1.1 g/t gold and 0.48% copper (246 m – 288 m in depth) within a broader interval of 80 m of 0.64 g/t gold and 0.27% copper (232 m – 312 m in depth). The mineralization was encountered within a suite of dioritic porphyry bodies that are situated below the key volcanic – intrusive contact zone, which thus far has defined the position of mineralization along the 800 m long Falla 13 discovery. The gold – copper mineralization is associated with a pyrite – chalcopyrite – magnetite and/or hematite mineral assemblage with alteration within the mineralized interval characterized as strongly sericitic. At this early stage, Torq's technical team has interpreted the mineralization to be hosted in a north-northwest trending structure that is parallel to the Falla 13 discovery and that has been mapped on surface and within geophysics over a 1,200 m strike length, demonstrating considerable exploration potential.

Importantly, given that the mineralization encountered in drill hole 23MAR-031R is situated 200 m vertically below the sub-horizontal volcanic-intrusive contact zone, the depth potential for mineralization has increased dramatically within the Falla 13 discovery area. The mineralization is interpreted as being hosted in a feeder structure, with mineralization open vertically upward. The primary targets are the volcanic-intrusive contact zone, where there is the potential for flat-lying manto-style mineralization, and the strike length of the structure. The Company is currently planning a set of follow-up drill holes to explore along the north-northwest trending structure, as well as to test for adjacent flat-lying manto-style mineralization both to the east and west of drill hole 23MAR-031R.

Drill hole 23MAR-035R is located on the north-northwest trending Cototuda structural corridor, approximately 150 m from the property boundary and the small-scale Cototuda copper oxide mine situated just to the south of the property boundary (Figure 1). The drill hole intersected 132 m of 0.48% copper (including 68 m of 0.76% copper) at a depth of 24 m – 156 m and is characterized by malachite, chalcocite, chrysocolla and black copper oxide minerals within a series of hematite – silica breccia bodies and dioritic intrusives that contain minor amounts of pyrite. The structural corridor is open along strike to the north-northwest for 750 m and represents an excellent opportunity to expand upon this second discovery on the project.

Drill hole 23MAR-036R is located on the north-northwest trending Margarita structural corridor where limited historical drilling in the mid-1990s encountered copper oxide mineralization in the southwest corner of the project. The purpose of drill hole 23MAR-036R was to evaluate the validity of the historical data and to determine the potential to define a coherent body of copper oxide mineralization within the structural corridor. Drill hole 23MAR-036R intersected two broad zones of copper oxide mineralization, including 62 m of 0.49% copper (including 40 m of 0.67% copper) from surface and 134 m of 0.29% copper (including 48 m of 0.40% copper) at a depth of 112 m – 246 m. Mineralization within both intervals was characterized by chrysocolla, malachite, chalcocite and black copper oxide minerals within a feldspar porphyry crosscut by a series of dioritic dykes. The results from drill hole 23MAR-036R exceed the historical results and demonstrate that copper oxide mineralization occurs at greater depths.

At the Remolino target area, a fence of three drill holes was designed to test a coincident magnetic and gold-in-soils geochemistry anomaly that had similar characteristics as the original Falla 13 discovery. Of the three drill holes, two intersected anomalous copper and/or gold mineralization, including 12 m of 0.29 g/t gold from surface and 30 m of 0.14% copper (80 m – 110 m in depth) in drill hole 23MAR-025R and 20 m of 0.25 g/t gold (124 m – 144 m in depth) and 36 m of 0.18% copper (164 m – 200 m in depth) in drill hole 23MAR-026R. Importantly, copper mineralization at Remolino is characterized by intervals of secondary chalcocite copper oxide mineralization, indicating the possibility of a proximal copper sulphide source to the mineralization encountered in the Remolino drill holes.

The results from the remaining seven RC drill holes are pending.

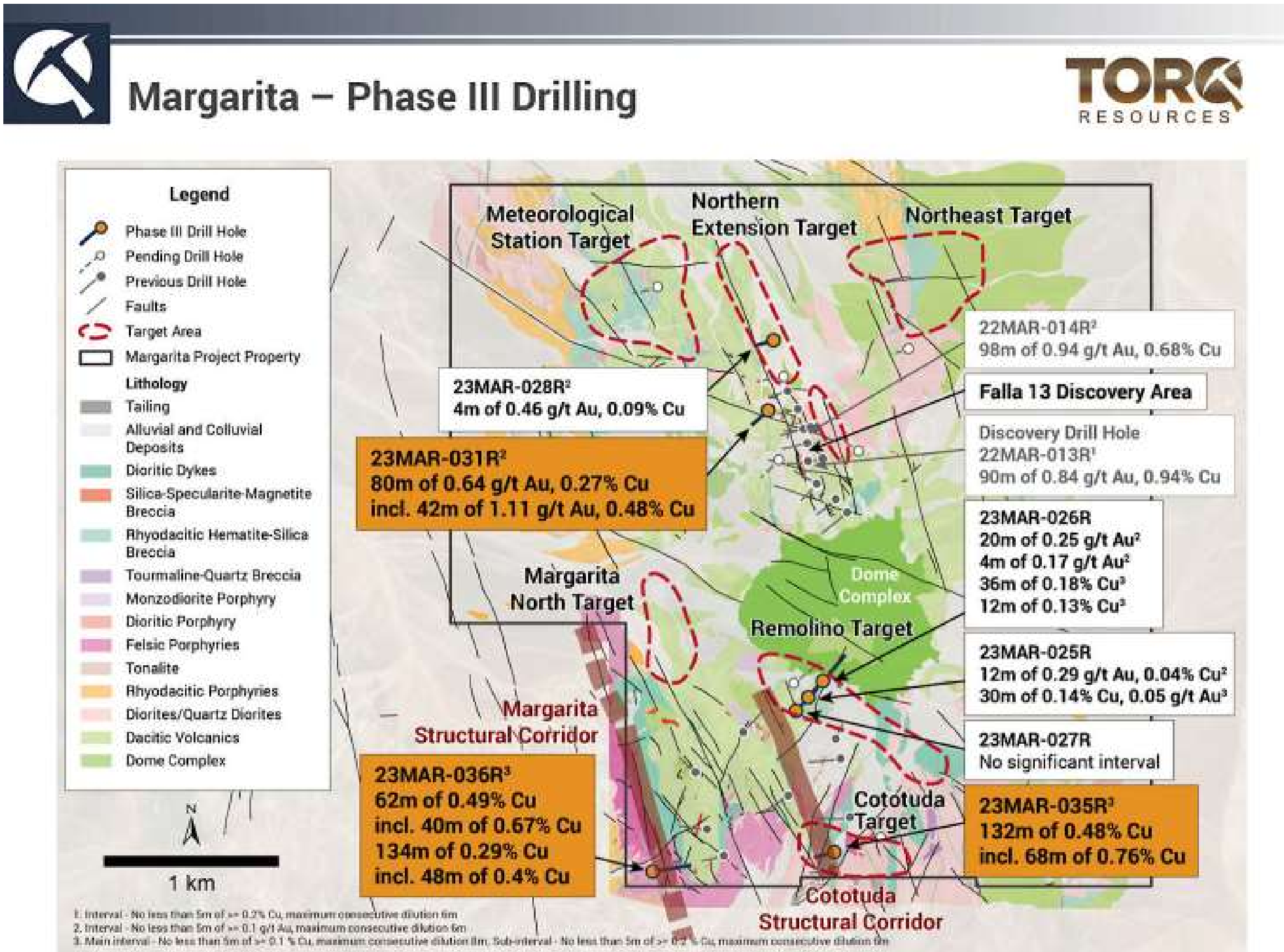

Figure 1: lIlustrates the position of the discovery holes, 23MAR-031R and 23MAR-035R, at the Falla 13 and Cototuda target areas, respectively, as well as the significant copper oxide mineralization encountered in drill hole 23MAR-036R at the Margarita structural corridor.

Margarita RC Drilling – sample methodology

Analytical samples were taken using 1/8 of each 2 m interval material (chips) and sent to ALS Lab in Copiapo, Chile for preparation and then to ALS Labs in Santiago, Chile and Lima, Peru for analysis. Preparation included crashing core sample to 90% < 2mm and pulverizing 1,000 g of crushed material to better than 85% < 75 microns. All samples are assayed using 50 g nominal weight fire assay with AAS finish (Au-AA24), multi-element four acid digest ICP-AES/ICP-MS method (ME-MS61), and copper sulphuric acid leach with AAS finish (Cu-AA05). Where MS61 results were greater or near 10,000 ppm copper the assays were repeated with ore grade four acid digest method (Cu-OG62). QA/QC programs for 2023 RC drilling samples using internal standard samples, field and lab duplicates, standards and blanks indicate good accuracy and precision in a large majority of standards assayed.

True widths of mineralization are unknown based on current geometric understanding of the mineralized intervals.

Canadian mineral terminology and standards differ from those of other countries. The Company's public disclosure filings highlight some of these differences.

Expressed in Canadian dollars, unless otherwise stated

Margarita Soil Sampling

Approximately 1-3 kg of soil material was collected on a 100 m x 100 m grid and sent to ALS Lab in Copiapo, Chile or La Serena, Chile for preparation and then to Santiago, Chile and Lima, Peru for analysis. All samples are assayed using 30 g nominal weight fire assay with AAS finish (Au-AA23) and multi-element super trace four acid digest ICP-AES/ICP-MS method (ME-MS61L). QA/QC programs for 2022-2023 soil samples using internal standard samples and duplicates, lab duplicates, standards and blanks indicate good accuracy and precision in a large majority of standards assayed.

4.2. Andrea project

On May 12, 2023, the Company agreed to amend the timing of the option payments to acquire 100% of the Andrea project, the updated table of payments is as follows:

		Cash payments (US$)
July 23, 2021 (paid C$132,038)	$	105,000
May 24, 2022 (paid C$170,937)		135,000
May 12, 2023 (paid C$81,204)		60,000
May 24, 2024		195,000
May 24, 2025		310,000
May 24, 2026		1,035,000
May 24, 2027		4,160,000
	$	**6,000,000**

Exploration Activities

A summary of exploration and evaluation costs for the Andrea project is as follows:

Andrea project		**Three months ended September 30, 2023**		**2022**		**Nine months ended September 30, 2023**		**2022**
Geological consulting, salaries and wages	**$**	**9,876**	$	53,962	**$**	**25,482**	$	241,608
Geophysics, sampling and assays		**-**		2,021		**-**		8,354
Project support		**11,675**		8,351		**43,135**		67,574
Travel, meals and accommodation		**1,363**		321		**18,493**		19,359
Environmental, permitting and concessions		**-**		-		**18,162**		15,128
Equipment, vehicles, rent and field supplies		**21**		17,290		**79**		20,130
Share-based compensation		**2,643**		7,784		**16,240**		14,829
Total	**$**	**25,578**	$	89,729	**$**	**121,591**	$	386,982

During the three and nine months ended September 30, 2023, the Company continued to refine its targets based on geochemical sampling, previous geophysical surveys and comprehensive mapping at the Andrea project. The integration of these data sets has resulted in a set of defined targets for the Company to drill test.

4.3. Santa Cecilia project

In order to maintain the Santa Cecilia project option agreement, the Company needs to make option payments up to October 21, 2028. The Company has made on-time all the required option payments totaling US$400,000 to the date of these financial statements.

Expressed in Canadian dollars, unless otherwise stated

		Cash payments (US$)
October 21, 2021 (paid $123,580)	$	100,000
October 21, 2022 (paid $409,470)		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**

The Company also needs to complete total staged work expenditures of US15,500,000 over the period up to October 20, 2025, as well as complete 25,000 m of drilling which is a pre-requisite to exercising the option to earn 100% interest in the project. The first work expenditure requirement by October 20, 2023, is US$3,000,000; as at September 30, 2023, the Company had incurred approximately US$6,900,000 of eligible work expenditures and drilled 2,059 m.

Within 12, 24 and 36 months from achieving permits, which occurred on October 21, 2022:		Work Expenditures Requirements (US$)		Eligible Expenditures Incurred (US$)
October 20, 2023	$	3,000,000	$	3,000,000
October 20, 2024		4,500,000		3,900,000
October 20, 2025		8,000,000		-
	$	**15,500,000**	**$**	6,900,000

Exploration Activities

A summary of exploration and evaluation costs, which are not all eligible work expenditures under the Santa Cecilia option agreement, is as follows:

Santa Cecilia project		Three months ended September 30, **2023**		2022		Nine months ended September 30, **2023**		2022
Drilling	**$**	**230,472**	$	-	**$**	**1,836,755**	$	**-**
Geological consulting, salaries and wages		**544,583**		132,072		**2,014,646**		521,564
Geophysics, sampling and assays		**86,758**		8,716		**564,079**		25,742
Project support		**227,917**		57,835		**1,402,819**		119,490
Travel, meals and accommodation		**71,739**		25,048		**902,357**		41,022
Environmental, permitting and concessions		**177,968**		3,386		**438,509**		54,236
Equipment, vehicles, rent and field supplies		**7,556**		22,809		**62,458**		28,279
Share-based compensation		**64,774**		13,334		**388,973**		22,894
Community relations		**161,827**		174,775		**248,498**		236,885
Total	**$**	**1,573,594**	$	437,975	**$**	**7,859,094**	$	1,050,112

Preparation for the Inaugural Drill Program

During the nine months ended September 30, 2023, the Company completed a 1:5000 scale geological mapping program across the project area, a soil survey covering the hydrothermal system for a total of its inaugural drill campaign at Santa Cecilia for a total 2,059 m. The Company completed two core drill holes and plans to resume drilling in early 2024.

The results of the soil survey are based on a total of 1,503 of 1,735 soil samples that were collected on a 70 m by 70 m grid across the Santa Cecilia hydrothermal system and identified seven distinct porphyry targets. The soil geochemistry results, in conjunction with structural mapping, have divided the property into seven distinct structural blocks that are interpreted to represent different levels of an idealized porphyry system. Each of the blocks acts independently from the other with different levels of porphyry emplacement observed and with the block bounding structures representing prospective structural corridors for the emplacement of high-grade causative intrusions.

The geochemical target areas are primarily defined by the presence of gold and molybdenum, both immobile elements that are directly associated with observed porphyry mineralization in historical drilling and mineralized surface exposures. In addition, the presence of bismuth-selenium-tellurium (Bi-Se-Te) anomalies have been used to identify thermal plumes, which are associated with underlying porphyry systems. The presence of copper was also used to define target areas but is considered less reliable as it is highly mobile during the weathering and overprinting that takes place during hydrothermal events, which are associated with both the porphyry and epithermal style mineralization that has been observed across the property. Significant results of gold-copper-moybdenum anomalies that are interpreted to be directly associated with porphyry mineralization were identified at both the Pircas Norte and Gemelos Norte targets in areas of extensive colluvium in the eastern area of the property and had dimensions of 750 m by 700 m and 700 m by 700 m respectively. In addition, a third target area was identified late in the field season at Filo Gemelos where an area of elevated gold and molybdenum values over an area of 450 m by 300 m was identified.

The results from initial rock sampling programs consisted of 196 samples from the Pircas Norte and Gemelos Norte targets from the eastern region of Santa Cecilia identified mineralized porphyry bodies on surface and positively corroborated the soil geochemistry results, building confidence in the target areas that will be prioritized for future drilling. The highlights from selective rock sampling targeting porphyry-style veining included gold grades of 0.3 g/t to 0.83 g/t in banded quartz-magnetite-pyrite veinlets with copper grades ranging from 438 ppm to 0.44% at Pircas Norte and at the Gemelos Norte targets. Rock sampling targeting porphyry style veining included gold grades of 0.13 g/t to 1.49 g/t within dioritic and dacitic porphyry bodies, respectively. In addition, at Gemelos Norte, two epithermal veins sampled on the southwestern edge of the target area had gold grades of 12.05 g/t and 3.36 g/t and copper grades of 2.3% and 285 ppm, respectively. At Filo Gemelos initial rock samples of banded quartz veinlets had gold grades of up to 0.11 g/t and 0.26 g/t, demonstrating that additional surface work is warranted at the target area to advance it to drill stage.

Inaugural Drill Program

During the third quarter of 2023, the Company announced drill results from its first two core drill holes at Santa Cecilia, which were located at the Cerro del Medio target, where a 2012 historical drill hole (CDM-12-003) intersected 925.7 m of 0.21 g/t gold, 0.27% copper and 82 ppm molybdenum within wall rock . The purpose of Torq's two drill holes was to identify higher grade mineralization and to potentially find a causative intrusion responsible for the mineralization observed in CDM-12-003. The results from the Company's drill holes, 23SC-DDH-001 and 23SC-DDH-002, included 476.3 m of 0.23 g/t gold, 0.22% copper and 93 ppm molybdenum at a depth of 584 m – 1,060.3 m and 557 m of 0.38 g/t gold, 0.23% copper and 56 parts ppm molybdenum at a depth of 442 m – 999 m, respectively.

Drill hole 23SC-DDH-002 was drilled to cross a prominent northeast trending structural corridor, zones of local stockwork veining and an associated gold-in-soils geochemical anomaly. It bottomed in mineralization and successfully extended the porphyry-style mineralization in wall rock by 170 m southeast and 500 m vertically, upward from the 2012 historical intercept, CDM-12-003. The intercept accomplished two goals for the Company; a significant increase in grade and confirmation of porphyry style mineralization at higher elevations that remain open upward, downward and laterally. Importantly, the increased grade observed within wall rock mineralization provides a clear vector toward the south and east and suggests the existence of a potentially higher-grade causative intrusion that has not yet been found.

The upper part of drill hole 23SC-DDH-002, from surface to 520 m, is characterized by dacitic volcanic tuffs and phreatomagmatic breccia bodies with strong argillic and sericite alteration. The entire interval averages 0.1 g/t Au; however, from 460 m – 520 m there is a 60 m interval averaging 0.47 g/t gold and 0.11% copper in an intensely clay and silica altered pumice tuff characterized by disseminated pyrite, fine quartz veining and trace hypogene chalcocite and covellite. The lower part of the drill hole, from 520 m – 999 m is characterized by multiphase dioritic to dacitic porphyry dykes intruding into primarily andesitic wall rock. This section of the drill hole is characterized by porphyry-style stock work veining and associated gold – copper mineralization. The porphyry dykes intersected to-date represent an increase in volume from historical drilling and at this stage, are interpreted to be pre-mineral or intra-mineral in nature.

Drill hole 23SC-DDH-001 was drilled to cross a prominent northeast trending structural corridor, zones of local stockwork veining and an associated gold-in-soils geochemical anomaly. It bottomed in mineralization and successfully extended the porphyry-style mineralization in wall rock 300 m east from the 2012 historical intercept, CDM-12-003. The porphyry mineralization is primarily hosted in potassically altered andesitic and sandstone basement units. No causative intrusion was encountered in this drill hole, although three phases of porphyry dykes were intercepted, demonstrating a multi-phase porphyry system.

The upper part of drill hole 23SC-DDH-001, from surface to 430 m, is characterized by late dioritic porphyry dykes and a large polymictic phreatomagmatic breccia that contains mineralized clasts of dacitic and dioritic porphyries. The average gold grade within this breccia body is approximately 0.1 g/t gold, but where mineralized clasts are abundant, gold grades increase with values of up to 0.5 g/t gold. The presence of the mineralized porphyritic clasts suggest that higher grade mineralization may be present to the east and at depth. From 430 m – 490 m, hypogene covellite and chalcocite are observed staining pyrite veins and fractures, indicating the transition from epithermal to porphyry environments. The lower part of the drill hole, from 490 m – 1,060.3 m, is characterized by porphyry-style mineralization. The gold – copper mineralization is hosted in pre-mineral to intra-mineral porphyry dykes and andesitic wall rock that is characterized by well-developed stockwork veining. Alteration in the lower part of the drill hole is characterized as potassic with abundant biotite that is weakly to moderately overprinted by sericite-chlorite alteration. The characteristics of the stockwork veining in the wall rock that forms the bulk of the intercept is similar in nature to that observed in the 2012 historical drill hole, CDM-12-003.

4.4. 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 vary, 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 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 relatively low 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 kilometre ("km") north of Inca de Oro) or the Copiapo River (100 km to the south of the project). However, it is possible to access the property and work effectively throughout the year at the Margarita project.

Due to the position and altitude of the Andrea project, it is less accessible than Margarita. The project is expected to be accessible for field work for at least eight months of the year (September to April).

In the case of the Santa Cecilia project, although it has a similar altitude to Andrea, it is slightly more accessible. The Company was able to carry out field activities including the inaugural drill campaign at Santa Cecilia up until the winter season commenced in early June.

The Company is taking extensive measures to prioritize safe access to the three projects for all personnel working in each area. The field experience of the local teams and the knowledge of neighboring projects play a fundamental role in this care, and in the proactive management of the risks associated with working in remote exploration areas, particularly for the Andrea and Santa Cecilia projects, with the access limitations and closing for the winter seasons due to their particular weather conditions.

5. DISCUSSION OF OPERATIONS

5.1. Three months ended September 30, 2023 and 2022 (Q3 2023 vs Q3 2022)

The net loss for Q3 2023 was $4,777,697 or $0.04 loss per share, compared to $3,216,632 or $0.04 loss per share for Q3 2022. Overall costs increased to support the additional exploration activities, primarily at the Santa Cecilia project.

Significant variances are discussed as follows:

- During Q3 2023, exploration and evaluation expenses increased to $3,662,447 compared to $2,115,663 in Q3 2022, this was primarily due to the 2023 drilling exploration programs at both the Santa Cecilia and Margarita projects, whereas only one drill program at Margarita was underway during the comparative period. Furthermore, higher share-based compensation expense was recognized within exploration and evaluation expenses of $113,455 in Q3 2023 compared to $65,739 in Q3 2022.

- Partially offsetting the increase in the net loss during Q3 2023 was interest and other income of $76,440 received in cash. Interest income was $41,849 during the comparative period in Q3 2022; the increase is due to higher cash deposits held during the current period as well as higher interest rates.

- During Q3 2023, the Company incurred an accretion expense of $84,303 and a cash interest expense of $56,713 in relation to a loan facility ("Loan Facility"), higher than the $40,556 and $36,000 incurred, respectively, in Q3 2022, as a result of an additional loan draw on the facility in December 2022.

5.2. Nine months ended September 30, 2023 and 2022 (YTD 2023 vs YTD 2022)

Loss for the nine months ended September 30, 2023, was $16,022,629 compared to a loss of $8,369,408 for the nine months ended September 30, 2022. The significant variances in financial results were due to the same changes in activities described for the three-month period above, with the following additional factor:

- During the nine months ended September 30, 2023, the Company incurred an accretion expense of $235,047 and a cash interest expense of $168,288 in relation to the Loan Facility, higher than the $40,556 and $36,000 incurred, respectively, in the same period in 2022. These expenses were higher mainly as a result of the loan being set up in July 2022, and therefore outstanding for the full nine months in the current period compared to only three months in the comparative period.

Expressed in Canadian dollars, unless otherwise stated

5.3. Summary of quarterly results

A summary of quarterly results is shown below:

Quarter ended	Interest and other income	Net loss	Total comprehensive loss	Loss per share
September 30, 2023	**$ 76,440**	**$ 4,777,697**	**$ 4,925,206**	**$ 0.04**
June 30, 2023	132,044	6,129,807	5,962,894	0.06
March 31, 2023	145,585	5,115,124	5,133,750	0.05
December 31, 2022	137,196	3,349,939	3,300,462	0.03
September 30, 2022	41,849	3,216,632	3,162,686	0.04
June 30, 2022	8,980	2,556,757	2,520,764	0.03
March 31, 2022	7,656	2,596,019	2,593,395	0.03
December 31, 2021	4,143	1,941,866	1,962,501	0.03

The summary of last eight quarters reflects a significant increase in losses as the Company began surface exploration at the projects which were optioned during 2021 and began drill programs at the Margarita project in 2022 and then the Santa Cecilia project in 2023. To support these activities there have been increases in salaries and office and administration costs, as well as marketing and investor relations costs.

6. EXPLORATION PLANS

Following the results of the most recent drill campaign at Margarita, the Company continues to analyze the results and plans to publish the final tranche of results shortly. The results will direct future exploration activities and the Company will give an update on these plans in the near future.

At Santa Cecilia, following the completion of the first 2,059 m inaugural core drill program, the Company expects to resume this work in the first quarter of 2024. The Company is currently designing a drill program that will prioritize drill targets from the undrilled Pircas Norte and Gemelos Norte target areas, as well as follow-up on the 2023 drill program at Cerro del Medio.

Work at the Andrea project, having completed target definition, remains on hold while the Company focuses resources at Margarita and Santa Cecilia.

7. LIQUIDITY AND CAPITAL RESOURCES

7.1. Liquidity

	September 30, 2023	December 31, 2022
Working capital	**$ 788,805**	$ 11,364,985
Cash	**3,749,884**	12,470,543
Non-current liabilities	**-**	1,966,710

	Nine months ended September 30, 2023	2022
Cash used in operating activities	**$ (14,062,491)**	$ (6,695,161)
Cash used in investing activities	**(170,598)**	(640,387)
Cash provided by financing activities	**5,571,198**	21,275,130

The Company's primary sources of liquidity are equity issuances and the Loan Facility. The funds are primarily used to finance working capital, explore mineral properties and to make certain annual payments to ensure that all the Company's mineral properties remain in good standing. As at September 30, 2023, the Company had working capital of $788,805 (December 31, 2022 - $11,364,985) which included cash of $3,749,884 (December 31, 2022 - $12,470,543). The Company's current liabilities consist of accounts payable and the carrying value of the Loan Facility of $2,201,757 as at September 30, 2023 (December 31, 2022 - $1,966,710 classified as non-current).

During the nine months ended September 30, 2023, the Company used cash of $14,062,491 in operating activities compared to $6,695,161 during the nine months ended September 30, 2022. The higher cash outflow in 2023 was the result of higher exploration costs on the properties, particularly at the Santa Cecilia project where exploration and evaluation expense increased to $7,859,094 compared to $1,050,112 in 2022, following the preparation for and completion of the inaugural drill campaign in 2023.

During the nine months ended September 30, 2023, cash used in investing activities was $170,598 compared to $640,387 in the same period of 2022. There was a cash inflow in 2023 related to the interest received on cash held due to the Company's large cash balance, offset by cash outflows on option payments made for the Margarita and Andrea projects during the nine months, and purchase of equipment to support the exploration activities in Chile. The cash outflow in 2022 related to option payments on the Margarita and Andrea projects, and the purchase of equipment to support the exploration activities in Chile with only minimal interest received on cash.

During the nine months ended September 30, 2023, cash provided by financing activities decreased to $5,571,198 from $21,275,130 for the nine months ended September 30, 2022. During the comparative period, the Company received financing funds from the investment by Gold Fields of $14,314,287, net of costs, and proceeds on the Loan Facility of $1,951,968, net of costs. Conversely, during the current period, no funds have been drawn on the Loan Facility, however, the Company received proceeds from the offering of common shares and warrants (combined as a unit) in March 2023, totaling $5,739,486 net of share issue costs.

The Company has incurred operating losses to date and does not generate revenue from operations to support its activities. With no source of 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 on the Company's ability to continue as a going concern.

7.2. Capital resources

November 8, 2023, Public Offering Initiated

On November 8, 2023, subsequent to the period end, the Company announced a public offering of up to 24,000,000 Units of the Company for gross proceeds of up to C$6,000,000. Each Unit is comprised of one common share of the Company and one-half of one common share purchase warrant (each whole warrant a "Warrant"). Each Warrant will be exercisable to purchase one common share of the Company at a price of C$0.35 for a period of three years from the closing date. The net proceeds from the Offering will be used for exploration of the Company's Santa Cecilia project and for general corporate and working capital purposes.

In connection with the Offering, the Company entered into an agreement with Paradigm Capital Inc. and Red Cloud Securities Inc. to act as co-lead agents and joint bookrunners on behalf of a syndicate of agents (collectively, the "Agents"). The Company will grant the Agents an option, exercisable, in whole or in part, for up to 30 days following the closing of the Offering, to sell the number of Units equal to up to an additional 15% of the Units sold pursuant to the Offering at the Offering Price to cover over-allotments, if any. The Offering is subject to Torq receiving all necessary regulatory approvals, including the acceptance of the Offering by the TSX Venture Exchange.

The Company filed a prospectus supplement (the "Supplement") to its short form base shelf prospectus dated February 10, 2023 (the "Base Shelf Prospectus") on November 10, 2023. The Supplement is filed with the securities regulatory authorities in each of the provinces and territories of Canada, except Quebec. Copies of the Supplement and accompanying Base Shelf Prospectus are available under the Company's profile on SEDAR+ at www.sedarplus.com. The information contained in this MD&A and the accompanying three and nine month unaudited condensed interim consolidated financial statements are deemed to be incorporated into the Prospectus Supplement and together update and modify the information contained in the Prospectus Supplement.

Expressed in Canadian dollars, unless otherwise stated

Gold Fields Atacama Holdings Inc. (which is a wholly owned affiliate of Gold Fields Limited ("Gold Fields")) an existing investor in the Company, has indicated its intention to participate in the Offering at an amount that is to be determined.

March 10, 2023, Private Placement

On March 10, 2023, the Company closed a non-brokered private placement for gross proceeds of $6,260,339 consisting of 10,433,899 units of the Company at a price of $0.60 per Unit. Each Unit consists of one Torq common share ("Share") and one half of a share purchase warrant, two half-warrants being required to exercise and acquire a full Share at $0.80 until March 10, 2026. The securities were issued under the listed issuer financing exemption, pursuant to National Instrument 45-106 - Prospectus Exemptions, and therefore no hold period applies to these securities in Canada, except where required by the TSX-V. In relation to this private placement, the Company issued 601,034 broker warrants with a fair value of $119,714. Share issuance costs including commissions and professional and regulatory fees, totaled $640,567.

A reconciliation of net proceeds and the funds used is as follows:

March 2023 Private Placement	**Number of units**		**Proceeds**
Units issued at $0.60 per unit	10,433,899	$	6,260,339
Share issuance costs			(520,853)
Net proceeds of 2023 Private Placement		$	5,739,486
Actual use of proceeds:			
Exploration activities			(2,111,257)
General working capital			(1,904,060)
Funds remaining as at September 30, 2023		**$**	**1,724,169**

September 15, 2022, Gold Fields Investment

On September 15, 2022, the Company completed a $15,000,000 non-brokered private placement with a wholly owned affiliate of a New York Stock Exchange ("NYSE") listed international gold mining company, Gold Fields, at a purchase price of C$1.00 per common share. Torq has primarily used the net proceeds for drilling at its Santa Cecilia project, as well as for drilling at the Company's Margarita project. Following the March 10, 2023, private placement, the Company amended the agreement with Gold Fields reducing the amount of funding designated specifically for exploration at the Santa Cecilia and Margarita projects in consideration of Gold Field's pre-emptive rights being deemed unaffected by non-participation in that financing.

A reconciliation of net proceeds and the funds used is as follows:

September 2022 Gold Fields Investment	**Number of common shares**		**Proceeds**
Units issued at $1.00 per share	15,000,000	$	15,000,000
Share issuance costs			(685,713)
Net proceeds of Gold Fields Investment		$	14,314,287
Actual use of proceeds, eligible exploration and development expenditures:			
Margarita project			(2,250,000)
Santa Cecilia project			(9,532,104)
General working capital			(506,468)
Funds remaining as at September 30, 2023		**$**	**2,025,715**

Expressed in Canadian dollars, unless otherwise stated

March 18, 2022 Common Share Offering

On March 18, 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 which totaled $230,175.

The Company will continue to require additional working capital for the foreseeable future to fund its ongoing activities. As an exploration company that does not generate revenue, 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, metal prices and the Company's exploration results.

Future option payments

A summary of the option payments in the coming years is as follows:

	Margarita project (US$)	Andrea project (US$)	Santa Cecilia project (US$)	Total (US$)
2023 (Q4)	250,000	-	-	250,000
2024	1,550,000	195,000	600,000	2,345,000
2025	2,000,000	310,000	1,000,000	3,310,000
2026	2,500,000	1,035,000	3,000,000	6,535,000
2027	-	4,160,000	5,000,000	9,160,000
2028	-	-	15,000,000	15,000,000

8. OFF-BALANCE SHEET ARRANGEMENTS

Other than the commitment described in Notes 3 in the financial statements, 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. PROPOSED TRANSACTIONS

As at September 30, 2023 and as at the date of this MD&A, the Company had no proposed transactions.

Expressed in Canadian dollars, unless otherwise stated

10. RELATED PARTY TRANSACTIONS

10.1 Services rendered and balances

All transactions with UMS Canada occurred in the normal course of operations. All balances 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,		
		2023		2022		**2023**		2022
Exploration and evaluation	**$**	**128,727**	$	77,532	**$**	**449,800**	$	233,993
Project investigation		**728**		32,839		**9,684**		45,863
Marketing and investor relations		**50,728**		26,288		**148,698**		70,061
General and administration		**223,474**		217,240		**965,374**		635,356
Total	**$**	**403,657**	$	353,899	**$**	**1,573,556**	$	985,273

As at September 30, 2023, $141,117 (December 31, 2022 - $161,900) was included in accounts payable and accrued liabilities and $220,000 (December 31, 2022 - $240,000) in prepaid expenses and deposits relating to transactions with UMS Canada.

10.2 Key management compensation

The Company provided the following total compensation to key management members, being its four executives, and five non-executive directors:

		Three months ended September 30,				Nine months ended September 30,		
		2023		2022		**2023**		2022
Salaries and other employee benefits	**$**	**36,547**	$	18,795	**$**	**99,160**	$	56,384
Fees paid to non-executive directors		**267,348**		236,244		**872,328**		696,579
Share-based compensation		**220,404**		23,937		**1,378,364**		93,378
Total	**$**	**524,299**	**$**	278,976	**$**	**2,349,852**	**$**	846,341

As at September 30, 2023 the Company had an outstanding accounts payable balance with key management personnel of $24,282 (December 31, 2022 - $355,135).

The Company issues options to certain UMS employees, including key management personnel of the Company. The Company recognized a share-based compensation expense of $113,924 and $709,819, respectively during the three and nine months ended September 30, 2023 (2022 - $72,317 and $169,302, respectively) in respect of share options granted to UMS employees.

11. 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 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.

In preparing the Company's financial statements, the Company applied the significant accounting estimates and judgements disclosed in Note 3 of its audited annual consolidated financial statements for the year ended December 31, 2022.

Expressed in Canadian dollars, unless otherwise stated

12. CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company has reviewed new and revised accounting pronouncements that are effective for periods after December 31, 2022, and noted that these do not impact the financial statements of the Company. See Note 2(e) in the financial statements for details of the new and revised accounting policies.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards as they are not applicable to the Company's financial statements.

13. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As at September 30, 2023, the Company's financial instruments consist of cash, amounts receivable, deposits, accounts payable and accrued liabilities, and the Loan Facility; all of these financial instruments are measured at amortized cost. The fair values of cash, amounts receivable, deposits, accounts payable and accrued liabilities approximate their carrying values due to their short-term to maturity.

The Company's financial instruments are exposed to certain financial risks including liquidity risk, credit risk, and currency risk. Details of the primary risks that the Company is exposed to are laid out in Note 11 in the Company's financial statements.

Subsequent to the end of the period, on November 27, 2023, the Company and the lender amended the Loan Facility agreement, extending the repayment deadline from July 11, 2024, to July 11, 2025. In consideration of the extension, the Company has agreed to cancel the lender's 4,102,564 share purchase warrants that were issued in relation to the Loan Facility and have an expiry date of July 11, 2024, (3,333,333 at exercise price $0.60 and 769,231 at exercise price $0.65) and issue 7,500,000 share purchase warrants with an exercise price of $0.35 with expiry date of July 11, 2025. This is subject to customary TSX Venture Exchange approval.

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 the dates noted in the table, the Company had the following outstanding securities:

	September 30, 2023	**November 29, 2023**
Common shares	110,368,130	110,368,130
Share purchase options	8,875,000	8,863,750
Share purchase warrants	16,953,947	16,953,947

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 financial statements 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.

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.sedarplus.ca under the Company's profile.

On behalf of the Board of Directors,

"Shawn Wallace"
Shawn Wallace
Chief Executive Officer and Chair
November 29, 2023