



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 months ended March 31, 2023

Dated: May 23, 2023

TORQ RESOURCES INC.

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Expressed in Canadian dollars

1. HIGHLIGHTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND THE PERIOD TO MAY 23, 2023

1.1 Operational highlights

- On May 3, 2023, Torq Resources Inc (“Torq” or the “Company”) announced the results of its 85% completed soil survey from the Santa Cecilia gold – copper project (“Santa Cecilia”). 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 metre (m) by 70 m grid across the Santa Cecilia hydrothermal system. The results indicate a total of seven porphyry targets, one of which is being drilled in the current program.
- On April 25, 2023, the Company announced the completion of its first drill hole at Santa Cecilia, which reached a depth of 1,060 m. The Company also started its second drill hole, which is planned to reach a depth of 1,000 m – 1,200 m. This hole will be completed prior to a planned pause for the Chilean winter season (June – September).
- On April 5, 2023, the Company announced the results of a recently completed soil geochemical survey focused on identifying new gold and gold-copper targets at Torq’s Margarita iron-oxide-copper-gold project. The results of the survey identified targets that demonstrate the growth potential of the discovery on the project, as well as five new target areas that have not yet been drill tested. The Company is planning for a third phase of drilling at the project to test the various targets. The program is expected to commence in the third quarter of this year.
- On March 13, 2023, the Company announced that it commenced its first drill program at the Santa Cecilia gold-copper project, following the initiation of a surface exploration program that commenced in December 2022.

1.2 Corporate highlights

- On March 10, 2023, the Company announced that it had completed a private placement for gross proceeds of C\$6,260,339, consisting of 10,433,899 units of the Company (the “Units”) at a price of C\$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 C\$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 C\$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 condensed interim consolidated financial condition and results of operations of the Company as at March 31, 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 months ended March 31, 2023. 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 May 23, 2023.

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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

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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.sedar.com. and on the Company's website at www.torqresources.com. These documents are for information purposes only and not incorporated by reference in this MD&A.

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:

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%

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 quarter of 2023 arising from COVID-19.

3.2. Qualified persons and technical disclosures

Michael Henrichsen P.Geol, 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
Foreign currency translation	(572)	(264)	(440)	(1,276)
As at March 31, 2023	\$ 970,567	\$ 357,499	\$ 683,026	\$ 2,011,092

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4.1. Margarita project

Under the Margarita 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 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 had been incurred as at March 31, 2023.

Certain 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, comprised of four opposition filings. While the outcome of these legal claims is uncertain, management, after review with legal counsel, believes the claims have no merit. As of this date, two of the four claims have been rejected at the first instance, regarding the two remaining, the issuance of the final award is pending.

Exploration Activities

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

	Three months ended March 31,	
	2023	2022
Drilling	\$ -	\$ 678,790
Geological consulting, salaries and wages	304,458	257,240
Geophysics, sampling and assays	45,555	69,293
Project support	146,711	50,777
Travel, meals and accommodation	87,443	40,036
Environmental, permitting and concessions	35,939	2,392
Equipment, vehicles, rent and field supplies	9,485	-
Share-based compensation	171,896	15,970
Total	\$ 801,487	\$ 1,114,498

During the three months ended March 31, 2023, the Company executed on its plan to define additional targets on the project through the completion of a multi-element soil geochemistry survey. In addition, the Company analyzed the results of its phase II drill program, which was completed in the fourth quarter of 2022, to better understand the geometry of the mineralization and to define areas of potential growth at the discovery. This has resulted in the identification of new target areas, which the Company plans to test in an upcoming drill program, expected to commence in June of this year.

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 24, 2023 (paid C\$81,044)	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

On May 12, 2023, subsequent to the period end, the May 24, 2023 Andrea option payment of US\$60,000 was paid.

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Exploration Activities

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

		Three months ended March 31,	
		2023	2022
Geological consulting, salaries and wages	\$	12,499	\$ 68,924
Geophysics, sampling and assays		-	472
Project support		13,321	28,580
Travel, meals and accommodation		1,456	3,568
Environmental, permitting and concessions		18,123	15,128
Equipment, vehicles, rent and field supplies		3,559	-
Share-based compensation		9,271	4,150
Total	\$	58,229	\$ 120,822

During the three months ended March 31, 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 option agreement, the Company needs to complete work expenditures, including the requirement to achieve 25,000m of drilling during the exploration campaign which is a pre-requisite to exercising the option to earn 100% interest in the project. The expenditure requirement by October 20, 2023, is US\$3,000,000; as at March 31, 2023, the Company has incurred approximately US\$3,250,000 of eligible work expenditures.

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:

		Three months ended March 31,	
		2023	2022
Drilling	\$	397,687	\$ -
Geological consulting, salaries and wages		668,945	255,890
Geophysics, sampling and assays		232,697	-
Project support		400,163	32,349
Travel, meals and accommodation		304,371	3,602
Environmental, permitting and concessions		78,965	36,452
Equipment, vehicles, rent and field supplies		94,043	-
Share-based compensation		235,855	6,137
Community relations		25,760	-
Total	\$	2,438,486	\$ 334,430

During the first quarter of 2023, the Company commenced its inaugural drill campaign at Santa Cecilia. The Company plans to complete two drill holes prior to the Chilean winter season, which takes place in June – September, and resume drilling in Q4 of this year. The Company has also been conducting an extensive surface exploration program consisting of soil and rock geochemical sampling, as well as geological and alteration mapping, to define targets for drill testing in Q4 of 2023 and Q1 of 2024.

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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 at Santa Cecilia in the fourth quarter of 2022 and first quarter of 2023.

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 March 31, 2023 and 2022 (Q1 2023 vs Q1 2022)

The net loss for Q1 2023 was \$5,115,124 or \$0.05 loss per share, compared to \$2,596,019 or \$0.03 loss per share for Q1 2022. Overall costs increased to support the additional exploration activities, primarily at the Santa Cecilia project.

Significant variances are discussed as follows:

- During Q1 2023, exploration and evaluation expenses increased to \$3,298,202 compared to \$1,569,750 in Q1 2022 as a result of increased exploration activities. This was primarily due to the completion of analytical work on the results of the phase II drill campaign at the Margarita project, the commencement of the 2023 drilling exploration program at the Santa Cecilia project and share based compensation recognized within exploration and evaluation expenses of \$417,022 in Q1 2023 compared to \$26,257 in Q1 2022.
- During Q1 2023, fees, salaries and other employee benefits increased to \$1,064,586 from \$513,106 in Q1 2022 due to an increase in administrative services needed to support the higher level of exploration and corporate development activities during the quarter, as well as an increase of share-based payment expense that increased to \$627,624 in Q1 2023 compared to \$115,903 in Q1 2022.
- Partially offsetting the increase in the net loss during Q1 2023 was interest and other income of \$145,585 compared to \$7,656 in Q1 2022. The increase is due to interest income from the Company's cash deposits which were higher during Q1 2023 than during Q1 2022, and also earning higher interest rates due to the increase in the prime rate of interest over the past year.

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Other variances noted were as follows:

- During Q1 2023, the Company incurred an accretion expense of \$72,557 and a cash interest expense of \$55,479 in relation to a loan facility ("Loan Facility"), no similar expenses were recorded in the comparable period as the Loan Facility was initiated in July 2022.
- During Q1 2023, the Company recorded a loss of \$9,393 on its equity investment in Universal Mineral Services Ltd. ("UMS Canada"), no similar loss has been recorded in the comparable period as the Company acquired its 25% ownership interest in this entity in the second quarter of 2022.

5.2. 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
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	3,216,631	3,162,685	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
September 30, 2021	6,523	1,612,254	1,626,874	0.02
June 30, 2021	17,269	1,606,792	1,619,465	0.02

The summary of last eight quarters reflects a significant increase in losses as the Company entered Chile and set-up corporate entities, built a key portfolio of mineral projects, and began surface exploration at the projects, and more recently began drill programs at Margarita project and then the Santa Cecilia project. 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 FOR 2023

Following the results of the most recent drill campaign at Margarita, the Company has identified new targets and is planning a follow-up drill program to commence in June of this year. The purpose of the third phase of drilling is to expand upon the initial discovery made at the Falla 13 target area, where an 800m long continuously mineralized body has been defined, as well as to test new targets with similar geological characteristics as the discovery. A total of five targets were identified through a multi-element soil survey that was initiated earlier in the year to define gold anomalies, which are interpreted to be related to copper-gold mineralization at shallow depths, as there is extensive leaching of copper on surface.

At Santa Cecilia, the Company commenced its inaugural drill program in March 2023 and following the completion of the second drill hole, the program will wrap up for the Chilean winter season, which is from June - September. The first two drill holes are located at the Cerro del Medio target, which is located centrally on the project, and are targeting a north – northeast trending structural corridor that could control the emplacement of potential higher-grade causative intrusions. Historical porphyry intercepts at the Cerro del Medio target from a 2012 two-hole drill program include 925.7 m of 0.21g/t gold, 0.27% copper and 82 ppm molybdenum as well as 868.8 m of 0.09 g/t gold, 0.2% copper and 156 ppm molybdenum. Torq's first two drill holes are targeting breccia bodies, associated resistivity highs and magnetic anomalies that are located to the east of the historical intercepts and along the strike length of a structural corridor, which has a similar orientation as the immediately adjacent Caspiche deposit (owned in a joint venture between Newmont and Barrick). Torq's drill program at Santa Cecilia is expected to resume in Q4 of this year, when the Company plans to test other porphyry targets on the property. A total of seven porphyry targets have been identified as a result of an extensive surface exploration program, which commenced in December 2022, that includes a multi-element soil and rock geochemistry survey and detailed alteration and geological mapping.

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At the Andrea project, having completed the target definition, work at this project is on hold while the Company focuses resources at Margarita and Santa Cecilia.

7. LIQUIDITY AND CAPITAL RESOURCES

7.1. Liquidity

		March 31, 2023		December 31, 2022
Working capital	\$	13,202,623	\$	11,364,985
Cash		14,345,570		12,470,543
Non-current liabilities		2,039,267		1,966,710

		March 31, 2023		Three months ended March 31, 2022
Cash used in operating activities	\$	(3,918,664)	\$	(2,237,129)
Cash provided by (used in) investing activities		108,682		(33,412)
Cash provided by financing activities		5,683,301		5,044,875

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 March 31, 2023, the Company had net working capital of \$13,202,623 (December 31, 2022 - \$11,364,985) which included cash of \$14,345,570 (December 31, 2022 - \$12,470,543). The Company's non-current liabilities consist of the carrying value of the Loan Facility of \$2,039,267 as at March 31, 2023 (December 31, 2022 - \$1,966,710).

During the three months ended March 31, 2023, the Company used cash of \$3,918,664 in operating activities compared to \$2,237,129 during the three months ended March 31, 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 \$2,438,486 compared to \$334,430 in the first quarter of 2022, following the preparation for and commencement of the inaugural drill campaign in March 2023.

During the three months ended March 31, 2023, cash provided by investing activities was \$108,682 compared to \$33,412 used in the same period of 2022. The change from a cash outflow in the first quarter of 2022 to a cash inflow in the first quarter of 2023 related to the interest received on cash held at Canadian financial institutions.

During the three months ended March 31, 2023, cash provided by financing activities increased to \$5,683,301 from \$5,044,875 for the three months ended March 31, 2022 as a result of net proceeds from private placements in both periods, net of share issue costs. The cash from financing activities received in the first quarter of 2023 was partially offset by the cash interest paid on the Loan Facility.

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.

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7.2. Capital resources

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 Venture Exchange. 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 \$641,272.

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 NYSE listed international gold mining company, Gold Fields Limited ("Gold Fields"), at a purchase price of C\$1.00 per common share. Torq will primarily use 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.

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 are as follows:

	Margarita Project	Andrea Project	Santa Cecilia Project	Total
	(US\$)	(US\$)	(US\$)	(US\$)
2023	550,000	60,000	-	610,000
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

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8. OFF-BALANCE SHEET ARRANGEMENTS

Other than the commitment described in Notes 3 and 13 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 March 31, 2023 and as at the date of this MD&A, the Company had no proposed transactions.

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 March 31,	
	2023	2022
Exploration and evaluation	\$ 189,308	\$ 24,730
Project investigation	4,953	436
Marketing and investor relations	53,037	2,822
General and administration	358,550	147,257
Total	\$ 605,848	\$ 175,245

As at March 31, 2023, \$194,219 (December 31, 2022 - \$161,900) was included in accounts payable 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 March 31,	
	2023	2022
Salaries and other employee benefits	\$ 293,396	\$ 234,486
Fees paid to non-executive directors	31,301	15,492
Share-based compensation	811,777	42,173
Total	\$ 1,136,474	\$ 292,151

As at March 31, 2023 the Company had an outstanding accounts payable and accrued liabilities balance with key management personnel of \$85,790 (December 31, 2022 - \$355,135) mostly relating to year-end bonuses.

The Company issues options to certain UMS employees, including key management personnel of the Company. The Company recognized a share-based compensation expense of \$427,038 for the three months ended March 31, 2023 in respect of share options issued to UMS employees (three months ended March 31, 2022 - \$ 41,781).

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

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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 for the three months ended March 31, 2023, the Company applied the significant accounting estimates and judgements disclosed in Note 3 of its audited consolidated financial statements for the year ended December 31, 2022.

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 March 31, 2023, the Company's financial instruments consist of cash, amounts receivable, deposits, accounts payable and accrued liabilities, and the Loan Facility. The fair values of these financial assets and liabilities approximate their carrying values due to their short-term maturity.

The Company's financial instruments are exposed to certain financial 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.

14. SUBSEQUENT EVENTS

On May 12, 2023, subsequent to the period end, the May 24, 2023 Andrea option payment of US\$60,000 was paid.

15. OTHER REQUIRED DISCLOSURE

15.1. 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:

	May 23, 2023	March 31, 2023
Common shares	110,368,130	110,368,130
Share purchase options	9,262,500	9,316,250
Share purchase warrants	16,953,947	16,953,947

15.2 Interim Officer Appointment

The Company's Chief Financial Officer ("CFO"), Elizabeth Senez, is taking four months of parental leave from May 15, 2023, and the Board of the Company has appointed Oliver Foeste, CPA, CA as CFO of the Company. Mr. Foeste is the founder and Managing Partner of Invictus Accounting Group LLP and has significant executive, director, finance, and public company compliance experience across a number of industry sectors including mining. Prior to Invictus, Mr. Foeste was in senior finance and accounting roles at TSX, TSXV, and NYSE listed issuers, and earned his CPA at Deloitte and a boutique tax advisory firm.

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15.3 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.sedar.com under Torq Resources Inc.'s profile.

On behalf of the Board of Directors,

"Shawn Wallace"

Shawn Wallace

Chief Executive Officer and Chair

May 23, 2023