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

For the year ended December 31, 2018

Dated: April 25th, 2019

1.1. Date and presentation

This Management Discussion and Analysis ("MD&A") of Torq Resources Inc. (the "Company" or "Torq") has been prepared by management to assist the reader to assess material changes in the financial condition and results of operations of the Company as at December 31, 2018 and for the year then ended. This MD&A should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2018 and 2017 and the notes thereto. All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") and all dollar amounts presented are Canadian dollars unless otherwise stated.

The effective date of this MD&A is April 25, 2019.

1.1.2 Forward-looking statements and risk factors

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company's plans or future financial or operating performance, the estimation of mineral reserves and resources, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect", "budget", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; risks related to general economic conditions and credit availability; actual results of current exploration activities, unanticipated reclamation expenses; fluctuations in prices of base and precious metals; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates, as well as other factors. Additional information relating to the Company and its operations is available on SEDAR at www.sedar.com and on the Company's web site at www.torqresources.com.

The Company's management reviews periodically information reflected in forward-looking statements. The Company has and continues to disclose in its Management's Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Results of Operations for the Year Ended December 31, 2018 Expressed in Canadian Dollars

1.2 Overall performance

1.2.1 Description of business

Torq is a junior exploration company focused on the acquisition, exploration and development of mineral resource properties. The Company is incorporated under the Business Corporations Act (British Columbia) and is a reporting issuer in British Columbia, Alberta and Ontario. The Company is listed on the TSX Venture Exchange (the "Exchange") as a Tier 2 mining issuer, and its shares trade under the symbol TORQ.V. On September 18, 2017, the Company commenced trading on the OTCQX under the US symbol TRBMF.

Corporate Mission Statement

The Company has $12.4 million in cash as at December 31, 2018 and a highly experienced management and technical team. The Company's primary objective is to identify and acquire undervalued advanced stage exploration projects with the goal of maximizing shareholder value. Several opportunities are currently under review.

Corporate Structure

As at the date of this MD&A, the organizational structure of Torq is as follows:

Subsidiary	Place of incorporation	Beneficial Interest
Stratton Resources (Canada) Ltd.	BC, Canada	100%
Torq USA Inc.	Nevada, USA	100%
Gecon OOD	Bulgaria	100%

For the period between May 8, 2018 and November 30, 2018 the Company also consolidated the accounts and results of Rush Valley Exploration Inc. ("RVX"). During this period the Company determined it had effective control over RVX pursuant to the share exchange agreement entered May 8, 2018 and subsequently terminated on November 30, 2018.

Other Corporate Matters

Effective April 1, 2019, Mr. Peter Rees resigned as Chief Financial Officer to pursue a new opportunity, upon which the Company has appointed Ms. Stacy Rowa as Chief Financial Officer. Ms. Rowa is a Canadian CPA, CA who has worked with Canadian and US publicly listed resource companies for the past 10 years, including serving as the Company's Corporate Controller since 2016.

1.2.2 Newfoundland projects

On October 28, 2016, the Company entered into an option agreement with Wildwood Exploration Inc. to acquire the rights to approximately 119,000 hectares in Newfoundland, Canada (the " Wildwood Option"). Effective October 19, 2018, the Company terminated the Wildwood Option due to insufficient exploration results to warrant further activities, and elected not to proceed with further exploration at its mineral properties in Newfoundland. As at December 31, 2018, the Company has written off acquisition costs totalling $584,344 that had been previously capitalized in relation to these mineral properties.

1.2.3 Utah Exploration Projects

Speedway

Effective March 15, 2018, the Company acquired the Speedway gold project, which is located in northwestern Utah, USA approximately 7 km from the Nevada state border, and about 50 km from Newmont's Long Canyon mine. The Speedway property, which is held through a mineral lease agreement, consists of approximately 1,080 hectares of prospective terrain which hosts a large gold-in-bedrock anomaly.

Under the terms of the Speedway Agreement (the "Lease Agreement"), the Company paid US$25,000 upon signing and will be required to pay steadily escalating annual lease payments as well as the underlying claim fees. There is no required work commitment and the Lease Agreement can be terminated at any time. The Lease Agreement may be bought-out at any time for US$1,000,000 subject to a buyable 2% royalty to the underlying owner.

On January 24, 2019 the Company provided notice to Geological Services Inc. terminating the Speedway Agreement and as a result, has recorded an impairment of $84,134 against the value of the mineral properties as at December 31, 2018.

Results of Operations for the Year Ended December 31, 2018 Expressed in Canadian Dollars

1.2.3 Utah Exploration Projects (continued)

West Mercur

On May 8, 2018, the Company entered a share exchange agreement with RVX and its three principal shareholders (the "Mercur Agreement") to acquire a 100% interest in RVX and the West Mercur gold project. The project consists of approximately 4,000 hectares of mineral rights in western Utah, USA and is located about 60 km southwest of Salt Lake City, 5 km west of the historic Mercur gold mine, and 20 km southwest from Bingham Canyon - one of the top producing copper and gold mines in the world.

Under the terms of the Mercur Agreement, to acquire RVX, the Company could pay US$2.4 million in a combination of cash and common shares to RVX's shareholders, at any time within a two-year period. Prior to the date of execution, the Company had advanced a total of $398,074 of interim funding that has been used to cover a shortfall in RVX's working capital.

On October 1, 2018, the Company provided notice to RVX that it would be terminating the Mercur Agreement effective November 30, 2018. As a result, the Company recorded an impairment loss of $490,575 against the value of the mineral properties as at September 30, 2018 and deconsolidated RVX as of November 30, 2018. At the time of deconsolidation, the full amount that had been advanced to RVX under the Mercur Agreement of $806,119 was recognized as a loan in accordance with the terms of the Mercur Agreement and recorded at its fair value of $nil as at November 30, 2018, as it is not expected to be recoverable.

2018 Utah Exploration Programs

During Q2 and Q3, 2018, the Company conducted initial exploration programs at both Speedway and West Mercur. These initial programs included regional scale geologic mapping and systematic rock sampling to determine the structural and stratigraphic controls on gold mineralization. A detailed soil geochemical survey was also conducted across both project areas with the goal of identifying the centers of gold mineralization.

The results from the programs at West Mercur and Speedway failed to produce sufficient evidence to warrant further investment in the projects and thus the Company had ceased all exploration activities at these projects by the end of 2018.

1.2.4 Project investigation costs

The Company is continually reviewing and evaluating new projects globally on its path to establishing a tier-one mineral portfolio. The table below shows the nature of the project investigation costs incurred during the year ended December 31, 2018 and 2017 and includes all costs incurred within Bulgaria and other project investigation activities in the United States, Canada, Europe, Mexico and South America.

	Year ended December 31,	
	2018	**2017**
Assays	$ 5,880	$ 91,494
Equipment, vehicles rent and field supplies	4,985	42,614
Geological consulting, salaries and wages	344,231	425,652
Project support costs	24,120	44,832
Share-based compensation	267,043	541,149
Travel, meals, accommodation	55,982	102,535
	$ 702,241	**$ 1,248,276**

Results of Operations for the Year Ended December 31, 2018 Expressed in Canadian Dollars

1.3 Selected annual information

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

	2018	2017 (Restated)	2016 (Restated)
Loss for the year	$ (4,873,557)	$ (4,439,520)	$ (1,049,551)
Total comprehensive loss for the year	(4,873,033)	(4,442,809)	(1,050,575)
Basic and diluted loss per share	(0.06)	(0.06)	(0.02)
Working capital	12,440,541	15,654,448	5,553,663
Total assets	12,669,876	16,390,511	6,403,516
Total long term liabilities	68,210	151,049	218,472
Shareholder's equity	(12,372,331)	(16,037,743)	(5,551,371)
Cash dividends per share	-	-	-

The Company generated no revenues from operations during the fiscal years ended December 31, 2018, 2017 and 2016, other than interest income of $280,861, $146,577 and $10,872 respectively.

Due to a voluntary change in accounting policy (see section 1.12) the Company has restated certain 2017 and 2016 amounts for comparative purposes.

1.4 Results of operations

Years ended December 31, 2018 and 2017 (2018 vs Restated 2017)

Loss for the year ended December 31, 2018 was $4,873,557 or $0.06 loss per share compared to a loss of $4,439,520 or $0.06 loss per share for the year ended December 31, 2017.

Significant variances are as follows:

- For the year ended December 31, 2018, the Company incurred $1,303,316 in exploration and evaluation costs compared to $1,242,710 for the prior year. The current year's costs were incurred on exploration programs at both its Newfoundland and Utah projects whereas in 2017, the Company was only actively working in Newfoundland.
- Fees, salaries and other employee benefits decreased in 2018 to $1,433,218 from $1,698,285 in 2017, of which $759,026 and $1,232,009 related to share-based compensation in each of the respective years. The higher costs in 2017 were driven by the timing of the initial share-option grant to employees and consultants which happened in Q3 2017.
- Investor relations and marketing costs increased in 2018 to $376,545 from $68,535 in 2017. The increase relates to management's attendance at additional conferences and investor relations engagements to help communicate the Company's story as it continued to increase its exploration activities as well as its mineral property investigation and acquisition activities.
- Total project investigation costs for the year ended December 31, 2018 were $702,241 down from $1,248,276 in the prior year. The current year costs are inclusive of $267,044 in share-based compensation expense compared to $541,149 in the 2017 year. In the second half of 2017, the project investigation efforts were ramped up leading to the acquisition of the Utah projects and then these costs trailed off in 2018 while exploration programs were undertaken on the projects.
- During 2018 the Company recognized an impairment totaling $1,159,083 on its mineral properties due to the decision to stop pursuing its exploration activities in Newfoundland and Utah. There was no impairment recorded in 2017.

Results of Operations for the Year Ended December 31, 2018 Expressed in Canadian Dollars

1.4 Results of operations (continued)

Three months ended December 31, 2018 and 2017 (Q4 2018 vs Restated Q4 2017)

Loss for the three months ended December 31, 2018 was $562,361 or $0.01 loss per share compared to a loss of $1,606,957 or $0.02 loss per share for the three months ended December 31, 2017.

Significant variances are discussed as follows:

- For the three months ended December 31, 2018, the Company incurred only $123,481 in exploration and evaluation costs compared to $563,902 for the same quarter in the prior year. By Q4 2018 the Company had already decided to drop the Newfoundland and West Mercur claims so the work that was done during the quarter was to ensure the claims were left in good standing and to come to a conclusion on the Speedway project which was ultimately abandoned in January 2019. In Q4 2017 the Company was still actively working in Newfoundland.
- For the three months ended December 31, 2018, the Company recorded $298,225 in fees, salaries and other employee benefits which included share-based compensation expense of $91,941. Fees, salaries and other employee benefits recorded for Q4 2017 was $652,484 which included share-based compensation expense of $528,496. The decrease in share-based compensation in Q4 2018, which drove the overall cost decrease, was partially offset by an increase in fees and salaries as the Company started paying directors fees during 2018 and added two additional executives to its team.
- Total project investigation costs for the three months ended December 31, 2018 were $130,672 compared to $429,791 in the comparative period. As discussed above, project investigation activities increased in the second half of 2017 substantially in an effort to acquire additional projects. Once the Utah projects were acquired in the first half of 2018, project investigation efforts and related costs decreased for the remainder of 2018.

Summary of Project Costs

During the year ended December 31, 2018, the Company spent $624,994 on mineral property acquisition costs and $1,303,316 on exploration and evaluation costs on its projects, as outlined below. During the year the Company ceased work on and ultimately abandoned its mineral properties as they did not meet the Company's criteria for further exploration. As a result, an impairment loss of $1,159,083 was recorded against its mineral properties for the year ended December 31, 2018.

	Newfoundland	Utah	Total
Acquisition costs			
Balance as at December 31, 2017	$ 534,344	$ -	$ 534,344
Direct acquisition costs	50,000	558,830	608,830
Other acquisition costs	-	16,164	16,164
Impairment of mineral properties	(584,344)	(574,739)	(1,159,083)
Currency translation adjustment	-	(255)	(255)
Balance as at December 31, 2018	**$ -**	**$ -**	**$ -**

Exploration and evaluation expenditures for the year ended December 31, 2018

	Newfoundland	Utah	Total
Aircraft and travel	$ 12,697	$ 80,939	$ 93,636
Assays	169,369	84,639	254,008
Environmental and permitting	-	165,454	165,454
Equipment rental and maintenance	3,030	7,485	10,515
Project support cost	10,785	16,058	26,843
Wages and consultants	96,745	544,695	641,440
Share-based compensation	135,940	45,611	181,551
Government grants received	(70,131)	-	(70,131)
Total for the year ended December 31, 2018	$ 358,435	$ 944,881	$ 1,303,316

Results of Operations for the Year Ended December 31, 2018 Expressed in Canadian Dollars

1.4 Results of operations (continued)

Subsequent events

See Sections 1.2 and 1.13

Plans for 2019

The Company continues to evaluate numerous top tier prospects for acquisition and maintains strict and accretive geological requirements in its search for new properties. As described above, the Company has only recently made the decision, due to the limitation in scale and prospectivity of the projects, to discontinue further exploration activities on the properties that were under evaluation during 2018. The Company will now redirect its resources on the identification and acquisition of projects that the Company believes will deliver the highest shareholder value in the context of the current opportunistic market, with a view to pursue high impact opportunities globally.

1.5 Summary of quarterly results

The Company is a mineral exploration company and currently has no producing properties or operating income. However, the Company records interest earned on cash balances held at financial institutions, which depends upon cash balances available to fund its acquisition and exploration activities and administrative expenses. A summary of quarterly results is shown below:

Quarter ended	Interest and other income	Loss	Total Comprehensive loss	Loss per share
	$	$	$	$
December 31, 2018	87,735	562,361	558,820	0.01
September 30, 2018	62,834	2,325,021	2,331,529	0.03
June 30, 2018	70,306	1,123,261	1,120,506	0.01
March 31, 2018	59,986	862,914	862,178	0.01
December 31, 2017[1]	56,922	1,606,957	1,604,358	0.02
September 30, 2017[1]	46,020	1,803,787	1,803,787	0.02
June 30, 2017[1]	27,823	661,746	665,483	0.01
March 31, 2017[1]	15,812	367,030	369,191	0.01

[1] Certain figures have been restated for the change in accounting policy (see section 1.12)

Up until September 30, 2016, the loss and comprehensive loss for each quarter was relatively low due to lower activities. Starting in Q4 2016, the Company's loss increased substantially over prior quarters, in part due to the inclusion of the Gecon start-up costs, but after decreasing in Q1 2017, the upward trend in the Company's loss continued throughout 2017 as a result of the increased project investigation activities and support costs. Additionally, on August 30, 2017, the Company issued an initial option grant to employees and consultants resulting in share-based compensation being recorded in Q3 2017 and subsequent quarters-to-date which relatively increased the loss for those periods over previous periods. The loss for Q1 and Q2 2018 has dropped off in comparison to the last two quarters in 2017 due to the timing of the exploration programs at the Newfoundland projects which happened in Q3 and Q4 2017. The substantial increase in the Q3 2018 loss is in relation to the impairment loss recorded against the Company's Newfoundland and West Mercur mineral properties.

1.6/1.7 Liquidity and capital resources

As at December 31, 2018, the Company had cash of $12,437,975 and working capital of $12,440,541 compared to cash of $15,444,707 and working capital of $15,654,448 as at December 31, 2017. The cash balance of $12,437,975 as at December 31, 2018 is sufficient to meet the cash requirements for the Company's operating expenses as well as continue with its project investigation activities. The Company does not foresee the requirement to raise additional capital in the next twelve months but may do so if the Company's operations materially change.

Results of Operations for the Year Ended December 31, 2018 Expressed in Canadian Dollars

1.6/1.7 Liquidity and capital resources

Common share issuances

On February 27, 2017, the Company closed a private placement for gross proceeds of $13,195,000 (the "February 2017 Placement") pursuant to which the Company issued an aggregate of 20,300,000 common shares at a price of $0.65 per common share. Share issue costs related to the February 2017 Private Placement, which included commissions and professional and regulatory fees, totalled $447,036.

Intended Use of Proceeds of February 2017 Private Placement		Actual Use of Proceeds to December 31, 2018		(Over)/under expenditure
Offering Expenses	$447,036	Offering Expenses	$ 447,036	-
Project Acquisition and exploration	$10,747,964	Acquisition of Newfoundland project and exploration	-	$ 10,747,964
		Other project investigation costs	-	
Administration and general working capital	$2,000,000	Administration and general working capital	$ 627,506	$ 1,703,445
Total	$13,195,000	Total	$ 1,074,542	$ 12,451,409
Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones		Up until December 31, 2018, the Company's expenditures were primarily from existing treasury including the proceeds from the August 2016 Placement, other than $627,506 to cover administration and working capital changes.		

On August 30, 2016, the Company closed a private placement for gross proceeds of $7,000,000 (the "August 2016 Placement") pursuant to which the Company issued an aggregate of 20,000,000 common shares at a price of $0.35 per common share. Share issue costs related to the Private Placement, which included professional and regulatory fees, totalled $43,612.

Intended Use of Proceeds of August 2016 Private Placement		Actual Use of Proceeds from September 1, 2016 to December 31, 2018		(Over)/under Expenditure
Offering Expenses	$43,612	Offering Expenses	$43,612	-
Project Acquisition and exploration	$4,956,388	Acquisition of Newfoundland project and exploration	$2,100,320	$ 317,518
		Other project acquisition, exploration and investigation costs (including Gecon, Speedway and West Mercur)	$2,538,550	
Administration and general working capital	$2,000,000	Administration and general working capital	$ 2,000,000	$ -
Total	$7,000,000	Total	$6,682,482	$ 317,518
Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones		The Company has only expended a portion of the funds raised through the placement. During 2018 other project costs include mineral property acquisition, exploration and investigation costs related to Speedway, West Mercur and project investigation costs.		

1.8 Off-balance sheet arrangements

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.

Results of Operations for the Year Ended December 31, 2018 Expressed in Canadian Dollars

1.9 Related party transactions

All transactions with related parties have occurred in the normal course of operations. All amounts payable and receivable are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

	Year ended December 31, 2018	2017
Universal Mineral Services Ltd. [1]		
Included in the statement of loss and comprehensive loss:		
Bank charges	$ 2,872	$ 1,952
Fees, salaries and other employee benefits	323,483	175,862
Office, rent and administration	210,013	134,219
Project investigation costs	123,049	93,621
Regulatory, transfer agent and shareholder information	119	8,197
Investor relations and marketing	29,922	4,029
Exploration and evaluation costs		
Newfoundland	76,559	194,897
Utah	146,061	-
Total transactions for the years	**$ 912,078**	**$ 612,777**

1) Universal Mineral Services Ltd., ("UMS") is a private company with certain directors and officers in common. Pursuant to an agreement dated December 30, 2015, UMS provides geological, financial and transactional advisory services as well as administrative services to the Company on an ongoing, cost recovery basis. Having these services available through UMS allows the Company to maintain a more efficient and cost-effective corporate overhead structure by hiring fewer full-time employees and engaging outside professional advisory firms less frequently.

   The outstanding balance owing at December 31, 2018 was $178,941 (December 31, 2017 - $43,194). In addition, the Company had $150,000 on deposit with UMS as at December 31, 2018 (December 31, 2017 - $50,000).

Key management compensation

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

	Year ended December 31, 2018	2017
Short-term benefits provided to executives	$ 324,078	$ 233,735
Directors fees paid to non-executive directors	15,584	-
Share-based compensation	557,807	1,041,246
	$ 897,469	**$ 1,274,981**

1.10 Fourth Quarters

See discussion of Q4 2018 results of operations in Section 1.4

1.11 Proposed transactions

None

1.12 Critical accounting estimates

This section is not required as the Company is a Venture Issuer, as the term is defined in National Instrument 51-102 *Continuous Disclosure Obligations*.

1.13 Changes in accounting policies

Revenue Recognition

Effective January 1, 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The adoption of this standard did not impact the Company's financial statements, as currently the Company does not earn revenues.

Financial instruments

Effective January 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaces IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The adoption of this standard did not impact the Company's financial statements as currently the Company does not hold any financial instruments for which the underlying accounting was impacted.

Change in accounting policy for exploration and evaluation costs

Effective January 1, 2018, the Company elected to change its accounting policy for exploration and evaluation costs incurred subsequent to the acquisition of a mineral property interest. Previously the Company had capitalized these costs as part of mineral property interests in accordance with IFRS 6 which allows for mining exploration companies to either capitalize or expense such costs.

Management determined that expensing exploration and evaluation costs would provide more relevant information to many of its financial statement users, as it would allow for comparisons to be drawn against its Canadian peers, many of which choose to expense such costs. Management believes that the new policy will assist users' review and analysis of the Company's financial statements as the statement of loss and comprehensive loss more fully reflects the activities and related expenditures for any given period.

The Company will continue to capitalize the costs incurred to acquire the right to explore a mineral property until the right is lost or the value of the mineral property is determined to be impaired.

See note 3 (c) of the Company's December 31, 2018 consolidated financial statements for the Company's revised accounting policy on exploration and evaluation costs and mineral property interests.

As a result of this voluntary change in accounting policy, the Company has restated certain prior period amounts within the December 31, 2018 condensed interim statements to be in accordance with this new policy. The impact on prior period amounts is outlined below:

Results of Operations for the Year Ended December 31, 2018 Expressed in Canadian Dollars

1.13 Changes in accounting policies (continued)

Change in accounting policy for exploration and evaluation costs (continued)

Statements of Financial Position

As at January 1, 2017	As previously reported	Adjustment	Restated
Mineral property interests	$ 605,232	$ (389,052)	$ 216,180
Deficit	$ 35,201,369	$ 389,052	$ 35,590,421
As at December 31, 2017	**As previously reported**	**Adjustment**	**Restated**
Mineral property interests	$ 2,166,106	$ (1,631,762)	$ 534,344
Deficit	$ 38,398,179	$ 1,631,762	$ 40,029,941

Statements of Loss and Comprehensive Loss

Year ended December 31, 2017	As previously reported	Adjustment	Restated
Exploration and evaluation costs	$ -	$ 1,242,710	$ 1,242,710
Loss for the year	$ 3,196,810	$ 1,242,710	$ 4,439,520
Comprehensive loss	$ 3,200,099	$ 1,242,710	$ 4,442,809
Loss per share (basic and diluted)	$ 0.04	$ 0.02	$ 0.06

Statement of Cash Flows

Year ended December 31, 2017	As previously reported	Adjustment	Restated
Loss for the year	$ (3,196,810)	$ (1,242,710)	$ (4,439,520)
Share-based compensation	$ 1,773,158	$ 282,059	$ 2,055,217
Changes in non-cash working capital			
Accounts payable and accrued liabilities	$ (19,231)	$ (413,291)	$ (432,522)
Cash used in operating activities	$ (1,745,105)	$ (1,373,942)	$ (3,119,047)
Exploration and evaluation costs	$ (1,566,106)	$ 1,566,106	-
Acquisition of mineral property interests		$ (192,164)	$ (192,164)
Cash (used in) provided by investing activities	$ (1,419,529)	$ 1,373,942	$ (45,587)

Leases

In January 2016, the IASB published a new accounting standard, IFRS 16 - Leases ("IFRS 16") which supersedes IAS 17 - Leases. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Control is considered to exist if the customer has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset during the term of the lease. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on balance sheet accounting model that is similar to the current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets.

The Company will adopt IFRS 16 on its effective date of January 1, 2019 retrospectively, with the cumulative effect of initially applying the standard as an adjustment to retained earnings and no restatement of comparative information. The Company will make the following elections under IFRS 16:

- to measure its right of use assets at amounts equal to the associated lease liabilities;
- to apply the available exemptions as permitted by IFRS 16 to recognize a lease expense on a straight-line basis for short term leases (lease term of 12 months or less) and low value assets; and
- to apply the practical expedient whereby leases whose term ends within 12 months of the date of initial application would be accounted for in the same way as short-term leases.

The Company does not expect the adoption of IFRS 16 to have a material impact on its financial statements as the Company does not currently have any contracts in place that would fall within the scope of IFRS 16.

Results of Operations for the Year Ended December 31, 2018 Expressed in Canadian Dollars

1.14 Financial instruments and other instruments

As at December 31, 2018 the Company's financial instruments consist of cash, amounts receivable, the RVX loan, accounts payable and accrued liabilities and the Gecon financial liability. The fair values of these financial assets and liabilities, with the exception of the RVX loan and the Gecon liability which are measured at fair value, approximate their carrying values due to their short-term maturity.

As at December 31, 2018, the financial instruments measured at fair value included the RVX loan and the Gecon financial liability which are classified under level 3 of the fair value hierarchy. The RVX loan was measured at its fair value of $nil on initial recognition at November 30, 2018 and at December 31, 2018. The Gecon financial liability was remeasured at December 31, 2018, as discussed below, with the change in fair value for the year recognized in the statement of loss and comprehensive loss.

The Company's financial instruments are exposed to credit risk, liquidity risk and market risks, which include foreign currency risk and interest rate risk. As at December 31, 2018 the primary risks were as follows:

(a) Market risk

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

Foreign currency risk

The Company is exposed to currency risk by having balances and transactions in currencies that are different from its functional currency. As at December 31, 2018 and December 31, 2017, the Company's foreign currency exposure related to its financial assets and liabilities held in foreign currencies is as follows:

	December 31, 2018		**December 31, 2017**	
	US$	EUR	US$	EUR
Cash	2,162,215	-	990,303	-
Accounts payable and accrued liabilities	(330)	-	(21,538)	(2,104)
Gecon financial liability	(68,210)	-	(151,049)	-
	2,093,675	-	817,715	(2,104)

A 10% increase or decrease in the US dollar and Euro exchange rates would result in an increase/decrease of approximately $209,368 in the Company's net loss for the year ended December 31, 2018.

Gecon Investment Agreement

Effective November 16, 2016, pursuant to an investment agreement, the Company acquired a beneficial interest in 100% of the capital of a Bulgarian shell company, Gecon OOD ("Gecon"), for the purposes of establishing mineral exploration operations in the country. Pursuant to the investment agreement between the Company and Gecon's former shareholder, the Company would pay a minimum of USD 50,000 and a maximum of USD 200,000 at any time within a 3-year period of signing the investment agreement in exchange for its beneficial interest in Gecon.

In January 2019 the Company made the decision not to further pursue its operations in Bulgaria and to return Gecon to its former shareholder. As at December 31, 2018, the Company recognized a financial liability with a fair value of $68,210 (USD 50,000) based on the minimum payment amount required under the investment agreement. At December 31, 2017 the fair value of the liability was determined to be $151,049 which was calculated using a probability weighted scenario-based approach with the following assumptions:

- Average undiscounted cash settlement value of USD 125,000
- Expected timing of the cash settlement of 2 years
- Risk free interest rate of 1.89% based on US Treasury Bill interest rates
- Foreign exchange rate of 1.2545 CAD for 1 USD based on the Bank of Canada exchange rate at December 31, 2017.

-

As at December 31, 2018, the revaluation of the liability resulted in a fair value gain of $82,839 (2017 - $67,423) recorded in the consolidated statement of loss and comprehensive loss for the year.

1.15 Other requirements

1.15.1 Capital structure

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

Issued share capital:

As at April 25, 2019, there are 77,324,164 common shares of the Company issued and outstanding.

As at December 31, 2018, there were 77,324,164 common shares of the Company issued and outstanding.

As at April 25, 2019 there were 6,485,000 share purchase options and nil warrants outstanding.

As at December 31, 2018 there were 6,476,250 share purchase options and nil warrants outstanding.

1.15.2 Disclosure controls and procedures

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

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The consolidated financial statements have been prepared by management in accordance with IFRS and in accordance with accounting policies set out in the notes to the consolidated financial statements for the years ended December 31, 2018 and 2017.

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

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

Note: As a Venture Issuer, the Company is not required to certify the design and evaluation of the issuer's disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") and has not completed such an evaluation; and there are inherent limitations on the ability of Management to design and implement on a cost effective basis DC&P and ICFR for the Company which may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports required under securities legislation.

Additional disclosures pertaining to the Company's Management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors,

"Michael Kosowan"
Michael Kosowan
President and Chief Executive Officer
April 25, 2019