(An exploration stage company)

Torq Resources Inc.

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2022

(Expressed in Canadian dollars - Unaudited)

TORQ RESOURCES INC.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

	Notes		June 30, 2022		December 31, 2021
Assets					
Current assets					
Cash		**$**	**2,202,828**	$	1,899,324
Accounts receivable			**36,472**		150,258
Prepaid expenses and deposits			**492,523**		664,433
			2,731,823		2,714,015
Equity investment	9		**116,166**		-
Equipment	3		**408,557**		383,270
Mineral property interests	4		**1,129,929**		888,198
Total assets		**$**	**4,386,475**	$	3,985,483
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**899,653**	$	676,536
Total liabilities			**899,653**		676,536
Equity					
Share capital	7		**53,845,806**		49,124,432
Share option and warrant reserve	8		**9,883,750**		9,284,921
Shares to be issued	7(c)		**70,862**		99,031
Accumulated other comprehensive loss			**(13,646)**		(52,263)
Deficit			**(60,299,950)**		(55,147,174)
Total equity			**3,486,822**		3,308,947
Total liabilities and equity		**$**	**4,386,475**	$	3,985,483

Going concern (Note 1 (c)); Commitment (Note 9); Subsequent event (Note 12)

Approved on behalf of the Board of Directors:

“Shawn Wallace”
Chief Executive Officer, and Chair

“Jeffrey Mason”
Director

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

TORQ RESOURCES INC.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars, unless otherwise stated - Unaudited)

	Notes		Three months ended June 30, 2022		2021		Six months ended June 30, 2022		2021
Operating expenses									
Exploration and evaluation	5	**$**	**1,363,174**	$	621,617	**$**	**2,932,924**	$	741,541
Fees, salaries and other employee benefits			**409,192**		457,625		**922,298**		689,508
Legal and professional			**95,432**		59,458		**142,795**		140,743
Marketing and investor relations			**312,296**		207,246		**583,228**		672,712
Office and administration			**205,035**		150,124		**347,205**		362,251
Regulatory, transfer agent			**13,845**		11,914		**37,012**		29,585
Project investigation	6		**76,930**		144,879		**102,335**		265,865
			2,475,904		1,652,863		**5,067,797**		2,902,205
Other expenses (income)									
Net loss from equity investment	9		**34,834**		-		**34,834**		-
Interest and other income			**(8,980)**		(17,269)		**(16,636)**		(28,625)
Foreign exchange loss (gain)			**54,999**		(28,802)		**66,781**		50,404
			80,853		(46,071)		**84,979**		21,779
Net loss for the period		**$**	**2,556,757**	$	1,606,792	**$**	**5,152,776**	$	2,923,984
Other comprehensive loss									
Unrealized currency (gain) loss on translation of foreign operations			**(35,993)**		12,673		**(38,617)**		15,661
Total comprehensive loss for the period		**$**	**2,520,764**	$	1,619,465	**$**	**5,114,159**	$	2,939,645
Basic and diluted loss per share		**$**	**0.03**	$	0.02	**$**	**0.06**	$	0.04
Basic and diluted weighted average number of shares			**84,690,481**		77,452,971		**82,191,466**		77,426,380

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

TORQ RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Equity

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

	Notes	Number of common shares	Share capital	Share option and warrant reserve	Shares to be issued	Accumulated other comprehensive loss	Deficit	Total equity
Balance, December 31, 2020		77,359,164	$ 49,003,385	$ 8,558,963	$ -	$ (1,347)	$ (48,669,070)	$ 8,891,931
Share options exercised		50,000	41,334	(11,534)	-	-	-	29,800
Share-based compensation		-	-	365,169	-	-	-	365,169
Shares issued as finders' fee		81,250	60,938	-	-	-	-	60,938
Shares to be issued for finders' fee		-	-	-	99,031	-	-	99,031
Other comprehensive loss for the period		-	-	-	-	(15,661)	-	(15,661)
Net loss for the period		-	-	-	-	-	(2,923,984)	(2,923,984)
Balance, June 30, 2021		77,490,414	$ 49,105,657	$ 8,912,598	$ 99,031	$ (17,008)	$ (51,593,054)	$ 6,507,224
Balance, December 31, 2021		**77,515,414**	**$ 49,124,432**	**$ 9,284,921**	**$ 99,031**	**$ (52,263)**	**$ (55,147,174)**	**$ 3,308,947**
Shares and share purchase warrants issued pursuant to offering, net of share issue costs	7(b)	**7,033,400**	**4,693,205**	**351,670**	**-**	**-**	**-**	**5,044,875**
Share-based compensation	8	**-**	**-**	**247,159**	**-**	**-**	**-**	**247,159**
Shares to be issued for finders' fee	7(c)	**141,667**	**28,169**	**-**	**(28,169)**	**-**	**-**	**-**
Other comprehensive loss for the period		**-**	**-**	**-**	**-**	**38,617**	**-**	**38,617**
Net loss for the period		**-**	**-**	**-**	**-**	**-**	**(5,152,776)**	**(5,152,776)**
Balance, June 30, 2022		**84,690,481**	**$ 53,845,806**	**$ 9,883,750**	**$ 70,862**	**$ (13,646)**	**$ (60,299,950)**	**$ 3,486,822**

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

TORQ RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows

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

	Notes	Three months ended June 30, **2022**	2021	Six months ended June 30, **2022**	2021
Operating activities					
Net loss for the period		**$ (2,556,757)**	$ (1,606,792)	**$ (5,152,776)**	$ (2,923,984)
Non-cash transactions:					
Share-based compensation	8 (a)	**94,025**	348,943	**247,159**	365,169
Depreciation and loss on disposals	3	**23,105**	-	**39,121**	-
Unrealized foreign exchange loss		**72,440**	17,005	**49,541**	25,733
Interest and other income		**(8,980)**	(17,269)	**(16,636)**	(28,625)
Net loss from equity investment	9	**34,834**	-	**34,834**	-
Changes in non-cash working capital:					
Accounts receivable		**(18,544)**	(41,407)	**113,627**	(40,797)
Prepaid expenses and deposits		**31,198**	(338,920)	**21,715**	(384,045)
Accounts payable and accrued liabilities		**119,305**	280,435	**216,912**	378,396
Cash used in operating activities		**(2,209,374)**	(1,358,005)	**(4,446,503)**	(2,608,153)
Investing activities					
Mineral properties additions	4	**(198,745)**	(100,910)	**(230,490)**	(192,468)
Purchase of equipment	3	**(36,336)**	(84,976)	**(45,659)**	(197,755)
Acquisition of equity investment	9	**(1,000)**	-	**(1,000)**	-
Interest and other income received		**8,980**	17,269	**16,636**	28,625
Cash used in investing activities		**(227,101)**	(168,617)	**(260,513)**	(361,598)
Financing activities					
Proceeds from the exercise of share options		**-**	5,000	**-**	29,800
Proceeds from the issuance of shares and share purchase warrants	7(b)	**-**	-	**5,044,875**	-
Cash provided by financing activities		**-**	5,000	**5,044,875**	29,800
Effect of foreign exchange rate changes on cash		**(72,559)**	(26,388)	**(34,355)**	(38,104)
Increase (decrease) in cash		**(2,509,034)**	(1,548,010)	**303,504**	(2,978,055)
Cash, beginning of the period		**4,711,862**	7,318,028	**1,899,324**	8,748,073
Cash, end of the period		**$ 2,202,828**	$ 5,770,018	**$ 2,202,828**	$ 5,770,018

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

NOTE 1 – BUSINESS OVERVIEW

(a) Corporate information

Torq Resources Inc. (the "Company" or "Torq") is incorporated under the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange (the "Exchange") as a Tier 2 mining issuer. The Company's shares trade under the symbol TORQ.V in Canada and on the OTCQX under the US symbol TRBMF. The head office and principal address of Torq is located at 1177 West Hastings Street, Suite 1630, Vancouver, British Columbia, Canada, V6E 2K3.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on August 26, 2022.

(b) Nature of operations

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

(c) Going concern

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern. As at June 30, 2022, the Company has net working capital of $1,832,170 while it incurred a loss of $5,152,776 for the six months ended June 30, 2022. The Company has incurred operating losses to date and does not generate operating revenue to support its activities. With no source of operating cash flows, there is no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. The Company has had success raising capital in the past, on March 18, 2022, the Company announced the completion of a non-brokered private placement for gross proceeds of $5,275,050, and on July 11, 2022, the Company announced that it finalized a $3 million credit facility (Note 12); however, the ability to continue as a going concern remains dependent upon Torq's capacity to obtain the financing necessary to continue to fund its mineral properties, the realization of future profitable production, proceeds from the disposition of its mineral interests, and/or other sources. These conditions create a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations.

These condensed consolidated interim financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

(d) Response to COVID-19

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

While remaining compliant with the restrictions arising from the ongoing management of the pandemic, the Company was able to achieve its planned goals during the six months ended June 30, 2022. As the situation surrounding COVID-19 continues to develop, albeit to a lesser extent, the Company will continue to monitor the situation closely and respond appropriately.

NOTE 2 – BASIS OF PRESENTATION

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in Note 3 of the Company's most recent audited consolidated financial statements for the years ended December 31, 2021, except for the following:

Equity investment

The Company conducts a portion of its business through equity interest in an associate. An associate is an entity over which the Company has significant influence and is neither a subsidiary nor a joint venture. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policy decisions.

The Company accounts for its investment in associate using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate, after any adjustments necessary to give effect to uniform accounting policies, and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings and losses of its associate are recognized in net loss during the period.

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

(b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis.

(c) Basis of preparation and consolidation

Subsidiaries are consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Control exists when the Company has power over an investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Company's returns. These condensed consolidated interim financial statements reflect adjustments in all historical periods.

The Company's functional currency is the Canadian dollar ("CAD", "C$"), which is also the Company's presentation currency. These condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise noted. Amounts denominated in United States dollars ("USD") are denoted as US$.

The condensed consolidated interim financial statements include the financial statements of the Company, and the following 100% beneficially owned subsidiaries:

Subsidiary (in USD functional currency)	Place of incorporation
Torq Resources Chile SpA	Chile
Minera Margarita SpA	Chile
Minera Andrea SpA	Chile
Minera Santa SpA	Chile
Candelaria Minerals S.A.C	Peru

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

Candelaria Minerals S.A.C. is a dormant entity in the process of being dissolved. During the period ended June 30, 2022, the Company dissolved Stratton Resources (Canada) Inc. and Torq Resources Holding Inc. which were also dormant entities. On April 1, 2022, the Company acquired a 25% interest in Universal Mineral Services Ltd (“UMS Canada”) a shared-service provider, as discussed in Note 9.

Intercompany balances and transactions have been eliminated on consolidation.

(d) Critical accounting judgments and estimates

The preparation of the financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the condensed consolidated interim financial statements. Estimates are continuously evaluated and are based on management’s experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. The Company’s critical accounting judgements and estimates were presented in Note 2 of the audited consolidated financial statements for the years ended December 31, 2021 and 2020, and have been consistently applied in the preparation of these condensed consolidated interim financial statements. No new estimates and judgements were applied for the period ended June 30, 2022.

NOTE 3 – EQUIPMENT

Balance as at December 31, 2020	**$ -**
Additions	415,529
Depreciation	(32,723)
Currency translation adjustment	464
Balance as at December 31, 2021	**383,270**
Additions	**45,659**
Depreciation	**(31,782)**
Disposals	**(7,339)**
Currency translation adjustment	**18,749**
Balance as at June 30, 2022	**$ 408,557**

NOTE 4 – MINERAL PROPERTY INTERESTS

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

	Margarita Project	**Andrea Project**	**Santa Cecilia Project**	**Total**
As at December 31, 2020	$ -	$ -	$ -	$ -
Finder’s Fees shares	159,969	-	-	159,969
Mineral property additions	293,537	164,745	265,286	723,568
Foreign currency translation	380	1,081	3,200	4,661
As at December 31, 2021	**$ 453,886**	**$ 165,826**	**$ 268,486**	**$ 888,198**
Mineral property additions	**59,553**	**170,937**	**-**	**230,490**
Foreign currency translation	**3,954**	**5,208**	**2,079**	**11,241**
As at June 30, 2022	**$ 517,393**	**$ 341,971**	**$ 270,565**	**$ 1,129,929**

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

(a) Margarita project

On March 8, 2021, the Company announced it had acquired the option to earn a 100% interest in the Margarita iron-oxide-copper-gold project (the "Margarita Project") located in Chile, 65 kilometres ("km") north of the city of Copiapo. The Company acquired the rights that constitute the Margarita Project through two option agreements: the Margarita claims and the La Cototuda claims.

Pursuant to the Margarita Project option arrangement, the Company incurred finder's fees requiring the issuance of 466,667 common shares of the Company (the "Finder's Fee Shares") in separate tranches as follows: 81,250 shares were issued on April 7, 2021; 141,667 shares were issued on March 31, 2022, and the final 243,750 shares are to be issued on March 31, 2023. These Finder's Fee Shares have been recognized at a total $159,969 fair value within equity. Fair value of the Finder's Fee Shares was determined with the first tranche of 81,250 shares having a $60,938 fair value ($0.75 per share market price on the date of the Margarita Project agreement as the shares were issued within 30 days of the agreement). The fair value of the remaining 385,417 shares was measured using the Black Scholes pricing model.

During the second quarter of 2022, the Company acquired the concession rights for two strategic parcels of land adjacent to the project.

Margarita Claims

Under the option agreement, the Company can acquire a 100% interest in the Margarita claims by making cash payments totaling US$6,200,000 over 66 months. The Company is required to incur work expenditures totaling US$3,050,000 within 30 months of signing the definitive agreement, approximately US$2.5 million of eligible work expenditures had been incurred as at June 30, 2022.

		Cash payments (US$)		Work expenditures requirement (US$)
April 20, 2021 (paid C$62,445)	$	50,000	$	-
August 22, 2021 (paid C$64,280 and work requirements met)		50,000		400,000
August 22, 2022 (paid subsequent to the period end and work requirements met)		100,000		1,150,000
August 22, 2023		300,000		1,500,000
August 22, 2024		1,200,000		-
August 22, 2025		2,000,000		-
August 22, 2026		2,500,000		-
	$	**6,200,000**	**$**	**3,050,000**

The Margarita claims are subject to a net smelter return ("NSR") royalty of 1.0% with 50% (being 0.5%) which can be repurchased by the Company, at the Company's discretion, for US$2,000,000.

La Cototuda Claims

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

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

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

The schedule of the La Cototuda option payments were amended during the first quarter of 2022, and the table above shows the commitments as agreed at the date of these condensed consolidated interim financial statements.

Certain legal claims have arisen regarding the mineral exploration rights over a non-material section (approximately 10 meters wide) at the edge of the Margarita southern property, comprised of four opposition filings. While the outcome of these legal claims is uncertain, management has reviewed the situation and has confidence in its legal position.

(b) Andrea project

On May 25, 2021, the Company announced it had acquired the option to earn a 100% interest in the Andrea copper porphyry project (the "Andrea Project") located in northern Chile, 100 km east of the city of La Serena. The Company acquired the rights that constitute the Andrea Project through three option agreements.

Under the option agreements the Company can acquire a 100% interest in Andrea, subject to NSR, through cash payments as follows:

		Cash payments (US$)
July 23, 2021 (paid C$132,038)	$	105,000
May 24, 2022 (paid C$170,937)		135,000
May 24, 2023		185,000
May 24, 2024		300,000
May 24, 2025		1,000,000
May 24, 2026		4,275,000
	$	**6,000,000**

The Andrea Project option agreements include an NSR of 1.5%, which can be repurchased by the Company, at the Company's discretion, for US$3,000,000.

(c) Santa Cecilia project

On October 21, 2021, the Company announced that it had acquired an option to earn a 100% interest in the 3,250-hectare Santa Cecilia gold-copper project, ("Santa Cecilia"), located approximately 100 km east of the city of Copiapo in Northern Chile. The project is in the southern region of the world-class Maricunga belt and immediately north of the El Indio belt.

Under the option agreement the Company can acquire 100% interest in the project, through cash payments as follows:

		Cash payments (US$)
October 21, 2021 (paid C$123,580)	$	100,000
October 21, 2022		300,000
October 21, 2024		600,000
October 21, 2025		1,000,000
October 21, 2026		3,000,000
October 21, 2027		5,000,000
October 21, 2028		15,000,000
	$	**25,000,000**

Under the option agreement, the Company is also committed to the following work expenditures, which are scheduled from the date the Company obtains the necessary permits, which includes both drill permits and social license from indigenous communities located in the area of interest, to start its exploration campaigns.

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

		Work Expenditures Requirements (US$)
Within 12 months of obtaining permits, which are in process	$	3,000,000
Within 24 months		4,500,000
Within 36 months		8,000,000
	$	**15,500,000**

The option agreement includes an NSR of 3%, half of which is buyable once the option is executed for a price that will be based on the fair value of the project, determined by mutual agreement between the parties.

NOTE 5 – EXPLORATION AND EVALUATION

For the three and six months ended June 30, 2022, the Company's exploration and evaluation costs were as follows:

Margarita Project		**Three months ended June 30,**				**Six months ended June 30,**		
		2022		2021		**2022**		2021
Drilling	**$**	**335,564**	$	-	**$**	**773,765**	$	-
Geological consulting, salaries and wages		**298,321**		288,649		**555,561**		380,326
Geophysics, sampling and assays		**85,272**		211,973		**154,565**		211,973
Project support		**85,989**		-		**377,355**		12,239
Travel, meals and accommodation		**71,516**		11,850		**111,552**		16,509
Environmental, permitting and concessions		**10,063**		13,115		**12,455**		23,238
Equipment, vehicles, rent and field supplies		**11,601**		3,167		**11,601**		4,393
Share-based compensation		**10,710**		81,895		**26,680**		81,895
Total	**$**	**909,036**	$	610,649	**$**	**2,023,534**	$	730,573

Andrea Project		**Three months ended June 30,**				**Six months ended June 30,**		
		2022		2021		**2022**		2021
Geological consulting, salaries and wages	**$**	**118,722**	$	**-**	**$**	**187,646**	$	**-**
Geophysics, sampling and assays		**5,861**		**-**		**6,333**		**-**
Project support		**33,483**		**-**		**62,063**		**-**
Travel, meals and accommodation		**15,470**		**-**		**19,038**		**-**
Environmental, permitting and concessions		**-**		3,290		**15,128**		3,290
Share-based compensation		**2,895**		7,678		**7,045**		7,678
Total	**$**	**176,431**	$	10,968	**$**	**297,253**	$	10,968

Santa Cecilia Project		**Three months ended June 30,**				**Six months ended June 30,**		
		2022		2021		**2022**		2021
Geological consulting, salaries and wages	**$**	**133,602**	$	**-**	**$**	**389,492**	$	**-**
Geophysics, sampling and assays		**17,026**		**-**		**17,026**		**-**
Project support		**34,776**		**-**		**67,125**		**-**
Travel, meals and accommodation		**12,372**		**-**		**15,974**		**-**
Environmental, permitting and concessions		**14,398**		**-**		**50,850**		**-**
Share-based compensation		**3,423**		**-**		**9,560**		**-**
Community relation		**62,110**		**-**		**62,110**		-
Total	**$**	**277,707**	$	-	**$**	**612,137**	$	**-**

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

NOTE 6 – PROJECT INVESTIGATION

For the three and six months ended June 30, 2022, the Company's project investigation costs were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	**2022**	2021
Geological consulting, salaries and wages	**$ 73,912**	$ 98,740	**$ 97,181**	$ 209,049
Travel, meals and accommodation	**-**	2,847	**113**	3,275
Project support	**2,228**	3,402	**4,251**	5,451
Share-based compensation	**519**	28,250	**519**	36,450
Environmental, permitting and concessions	**-**	9,062	**-**	9,062
Equipment, vehicles, rent and field supplies	**271**	2,578	**271**	2,578
Total	**$ 76,930**	$ 144,879	**$ 102,335**	$ 265,865

NOTE 7 – SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) Common share issuances

During the three and six months ended June 30, 2022, the Company issued 141,667 common shares with a $28,169 fair value, pursuant to the Margarita Project finder's fee agreement (Note 4 (a)).

On March 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 amounted to $230,175.

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

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

(c) Shares to be issued

As discussed in Note 4(a), in 2021 the Company incurred finder's fees requiring issuance of 466,667 common shares of the Company in relation to the Margarita Project option agreement. These shares are to be issued in three tranches; on April 7, 2021, 81,250 shares were issued, on March 31, 2022, 141,667 shares were issued with $28,169 reclassified from shares to be issued to share capital. The remaining 243,750 shares are to be issued to the finders in one further tranche in March 2023.

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

NOTE 8 – SHARE OPTION AND WARRANT RESERVE

(a) Share-based options

The Company maintains a Rolling Share-based Option Plan providing for the issuance of share options up to 10% of the Company's issued and outstanding common shares. The Company may grant from time to time share options to its directors, officers, employees and other service providers. The share options typically vest 25% on the date of the grant and 12½% every three months thereafter for a total vesting period of 18 months.

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

	Number of share options	**Weighted average exercise price**
Outstanding, December 31, 2020	6,846,875	$ 0.81
Granted	2,420,000	0.80
Exercised	(75,000)	0.56
Expired	(1,384,375)	0.85
Forfeited	(62,500)	0.77
Outstanding, December 31, 2021	**7,745,000**	**0.80**
Forfeited	**(34,375)**	**0.86**
Cancelled/Expired	**(600,000)**	**0.85**
Outstanding, June 30, 2022	**7,110,625**	**$ 0.80**

As at June 30, 2022, the number of share options outstanding and exercisable was as follows:

	Outstanding			**Exercisable**		
Expiry date	Number of share options	Exercise price	Remaining contractual life (years)	Number of share options	Exercise price	Remaining contractual life (years)
Aug 30, 2022	3,900,000	$ 0.85	0.17	3,900,000	$ 0.85	0.17
Sep 21, 2023	125,000	0.50	1.23	125,000	0.50	1.23
Apr 1, 2024	250,000	0.50	1.76	250,000	0.50	1.76
May 25, 2025	400,000	0.58	2.90	400,000	0.58	2.90
Jun 25, 2025	150,000	0.66	2.99	150,000	0.66	2.99
Apr 7, 2026	1,355,000	0.77	3.77	1,016,250	0.77	3.77
Sep 3, 2026	375,000	0.82	4.18	210,938	0.82	4.18
Nov 24, 2026	555,625	0.86	4.41	288,125	0.86	4.41
	7,110,625	**$ 0.80**	**1.69**	**6,340,313**	**$ 0.79**	**1.39**

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees and others providing similar services. During the three and six months ended June 30, 2022, and 2021 the Company recognized share-based compensation expense as follows:

	Three months ended June 30,		**Six months ended June 30,**	
	2022	2021	**2022**	2021
Included in:				
Exploration and evaluation	**$ 17,027**	$ 89,573	**$ 43,284**	$ 89,573
Fees, salaries and other employee benefits	**69,736**	231,120	**185,639**	239,146
Marketing and investor relations	**6,743**	-	**17,717**	-
Project investigation	**519**	28,250	**519**	36,450
	$ 94,025	$ 348,943	**$ 247,159**	$ 365,169

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

(b) Share purchase warrants

As at June 30, 2022, the Company had 7,033,400 share purchase warrants outstanding (December 31, 2021- nil). Subsequent to the period end, further share purchase warrants were issued (Note 12).

NOTE 9 – EQUITY INVESTMENT

Investment in Associate – Universal Mineral Services Ltd. ("UMS Canada")

On April 1, 2022, the Company purchased a 25% share interest in a shared-service provider, UMS Canada for nominal consideration. The remaining 75% of UMS Canada is owned equally by Tier One Silver Inc., Coppernico Metals Inc. and Fury Gold Mines Limited. The Company further recognized as part of its net investment in UMS Canada, a cash deposit of $150,000 which is held by UMS Canada for the purposes of general working capital, and which will only be returned to the Company upon termination of the UMS Canada arrangement. Prior to 2022, UMS Canada was owned by Ivan Bebek and Shawn Wallace, who were directors of Torq, although Mr. Bebek retired from the Board of Torq in November 2021. On December 31, 2021, these two shareholders sold their shares in UMS Canada for nominal consideration and simultaneously resigned as directors of UMS Canada. Steven Cook, a director of Torq, acquired the UMS Canada shares and on the date of transfer also took over as the sole director of UMS Canada. On April 1, 2022, UMS Canada was restructured whereby Mr. Cook transferred his entire UMS Canada share ownership for nominal consideration to the four public companies which share its services.

UMS Canada 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 Canada on an as needed basis, allows the Company to maintain a more efficient and cost-effective corporate overhead structure by hiring fewer full-time employees and engaging outside professional advisory firms less frequently. The service agreement with UMS Canada has an indefinite term and can be terminated by either party upon providing due notice. UMS Canada is party to an office lease agreement with a term of ten years, for which certain rent expenses will be payable by the Company. As at June 30, 2022, the Company expects to incur approximately $1.2 million in respect of its share of future rent.

(a) Summarized financial information of UMS Canada.

For the period ended June 30, 2022, the Company's share of net losses of UMS Canada was as follows:

	UMS Canada
Cost recoveries	**$** (1,689,579)
Geological services	665,023
Administrative services	1,163,892
Net loss for the period since investment	139,336
Company's share of net losses for the period ended June 30, 2022	**$ 34,834**

The carrying amounts of the Company's investment in UMS Canada as at June 30, 2022 was as follows:

	UMS Canada
Acquisition of equity investment	**$** 151,000
Company's share of net loss of investment	(34,834)
Carrying amount as at June 30, 2022	**$ 116,166**

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

The Company's equity share of net assets of UMS Canada at June 30, 2022, was as follows:

		UMS Canada
Current assets	**$**	1,209,328
Non-current assets		2,791,467
Current liabilities		(2,013,089)
Non-current liabilities		(1,523,043)
Net assets 100%	**$**	464,663
Company's equity share of net assets	**$**	**116,166**

(b) Services rendered and balances

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

	Three months ended June 30,				**Six months ended June 30,**			
		2022		2021		**2022**		2021
Exploration and evaluation	**$**	**131,731**	$	6,083	**$**	**156,461**	$	6,083
Project Investigation		**12,587**		22,705		**13,024**		47,161
Marketing and investor relations		**40,952**		24,513		**43,773**		33,551
General and administration		**270,859**		130,131		**418,116**		215,939
Total transactions for the period	**$**	**456,129**	$	183,432	**$**	**631,374**	$	302,734

As at June 30, 2022, $208,224 (December 31, 2021 - $115,446) was included in accounts payable and $270,000 (December 31, 2021 - $420,000) in prepaid expenses and deposits relating to transactions with UMS Canada. Upon the acquisition of the share of UMS Canada in April 2022, $150,000 of the deposit balance was reclassified to the investment in associate balance.

(c) Key management compensation

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

	Three months ended June 30,				**Six months ended June 30,**			
		2022		2021		**2022**		2021
Salaries and other employee benefits	**$**	**225,848**	$	193,727	**$**	**460,334**	$	394,190
Fees paid to non-executive directors		**22,098**		18,311		**37,589**		36,124
Share-based compensation		**27,268**		97,715		**69,442**		111,207
	$	**275,214**	$	309,753	**$**	**567,365**	$	541,521

On April 1, 2022, the Company entered into a shared services agreement with UMS Canada. Under the agreement, the Company's CFO and Chief Geological Officer terminated their direct employment status with the Company, became employed by UMS Canada and entered into secondment employment arrangements between the Company and UMS Canada.

NOTE 10 – FINANCIAL INSTRUMENTS

Financial instruments are evaluated under a fair value hierarchy that reflects the significance of inputs in making fair value measurements as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (market prices) or indirectly (derived from market prices).
Level 3 – Inputs for the asset or liability are not based upon observable market data.

As at June 30, 2022, the Company's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. The fair values of these assets and liabilities approximate their carrying values due to their short-term maturity.

The Company's financial instruments are exposed to liquidity risk, credit risk and market risks, which include foreign currency risk and interest rate risk. As at June 30, 2022, the primary risks were as follows:

(a) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at June 30, 2022, the Company has working capital of $1,832,170 (December 31, 2021 - $2,037,479) and held cash of $2,202,828 (December 31, 2021 - $1,899,324), which is entirely unrestricted.

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

On July 11, 2022, the Company announced that it had finalized a $3 million two-year credit facility (Note 12).

(b) Credit risk

The Company's cash and accounts receivable are exposed to credit risk, which is the risk that the counterparties to the Company's financial instruments will cause a loss to the Company by failing to pay for their obligations. The amount of credit risk to which the Company is exposed is considered insignificant as the Company's cash is held with highly rated financial institutions in interest-bearing accounts and the accounts receivable primarily consist of GST receivable from the Government of Canada.

(c) Market risk

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

i. Foreign currency risk

The Company is exposed to currency risk by having balances and transactions in currencies that are different from its functional currency.

As at June 30, 2022 and December 31, 2021, the Company's foreign currency exposure related to its financial assets and liabilities held in USD and in Chilean Pesos ("CLP") is respectively as follows, noting that the Canadian parent company is exposed to USD foreign currency risk with CAD functional currency and the Chilean subsidiaries with USD functional currency are exposed to CLP foreign currency risk:

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

In CAD	**June 30, 2022**	December 31, 2021
Period end exchange rate CAD per USD	**$ 1.2886**	$ 1.2678
Cash	**$ 541**	$ 80,797
Accounts payable and accrued liabilities	**(11,853)**	(74,924)
	$ (11,312)	$ 5,873

In USD	**June 30, 2022**	December 31, 2021
Period end exchange rate CLP per USD	**$ 919.2143**	$ 853.5942
Cash	**$ 355,291**	$ 270,889
Accounts receivable and other	**2,575**	99,069
Accounts payable and accrued liabilities	**(335,205)**	(225,199)
	$ 22,661	$ 144,759

A 10% increase or decrease in the USD and CLP exchange rates would not result in a material impact to the Company's loss or comprehensive loss for the six months ended June 30, 2022.

NOTE 11 – SEGMENTED INFORMATION

The Company operates as one operating segment, being the acquisition and exploration of mineral resource properties. Torq was not subjected to restrictions on its cash as at June 30, 2022.

NOTE 12 – SUBSEQUENT EVENT

On July 11, 2022, the Company announced that it had finalized a $3 million two-year credit facility whereby $2 million will be advanced to the Company immediately on execution with the remaining $1 million remaining available to draw down against for a period of two years. Amounts drawn under the facility are subject to 9% annual interest rate. In consideration for the grant of the facility, the Company agreed to pay the lender, 191010 Investments Limited, an entity which is affiliated with a current shareholder, 3,333,333 share purchase warrants exercisable at C$0.60 per common share for a two-year period based on the initial $2 million advance. Additional warrants for 100% coverage will be issued at the time of any future draw down(s) of the remaining $1 million with warrants priced at the market price at the time. On July 19, 2022, the Company drew down the initial $2 million.