(An exploration stage company)

Torq Resources Inc.

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(Expressed in Canadian dollars - Unaudited)

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

	Note		**March 31, 2023**		December 31, 2022
Assets					
Current assets					
Cash		**$**	**14,345,570**	$	12,470,543
Amounts receivable			**82,628**		65,899
Prepaid expenses and deposits	8,13		**849,880**		466,094
			15,278,078		13,002,536
Non-current assets					
Equity investment	3		**117,631**		127,024
Equipment	4		**434,624**		463,816
Mineral property interests	5		**2,011,092**		2,012,368
Total assets		**$**	**17,841,425**	$	15,605,744
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	8	**$**	**2,075,455**	$	1,637,551
			2,075,455		1,637,551
Non-current liabilities					
Loan facility	7		**2,039,267**		1,966,710
Total liabilities		**$**	**4,114,722**	$	3,604,261
Equity					
Share capital	9	**$**	**73,328,326**	$	68,160,093
Shares to be issued			**-**		70,862
Share option and warrant reserves	10		**12,308,870**		10,547,271
Accumulated other comprehensive income			**69,364**		89,777
Deficit			**(71,979,857)**		(66,866,520)
Total equity		**$**	**13,726,703**	$	12,001,483
Total liabilities and equity		**$**	**17,841,425**	$	15,605,744

Going concern (Note 1(c)), Commitments (Notes 3, 13), Subsequent Event (Note 5(b)).

Approved on behalf of the Board of Directors:

"Steve Cook"
Lead Independent Director

"Jeffrey Mason"
Director & Chair of the Audit Committee

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

TORQ RESOURCES INC.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars, except number of shares - Unaudited)

	Note		**Three months ended March 31, 2023**		2022
Operating expenses					
Exploration and evaluation	6	**$**	**3,298,202**	$	1,569,750
Fees, salaries and other employee benefits	8		**1,064,586**		513,106
Legal and professional			**156,750**		47,363
Marketing and investor relations			**348,152**		270,932
Office and administration			**145,103**		142,170
Regulatory, transfer agent			**45,755**		23,167
Project investigation			**49,706**		25,405
			5,108,254		2,591,893
Other expenses (income)					
Interest and other income			**(145,585)**		(7,656)
Interest expense	7		**55,479**		-
Accretion expense	7		**72,557**		-
Net loss from equity investment	3		**9,393**		-
Foreign exchange loss			**15,026**		11,782
			6,870		4,126
Net loss for the period		**$**	**5,115,124**	$	2,596,019
Other comprehensive (gain) loss					
Unrealized currency (gain) loss on translation of foreign operations			**18,626**		(2,624)
Total comprehensive loss for the period		**$**	**5,133,750**	$	2,593,395
Basic and diluted loss per share		**$**	**0.05**	$	0.03
Basic and diluted weighted average number of shares			**102,125,057**		79,859,881

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

TORQ RESOURCES INC.
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars, except number of shares - Unaudited)

	Number of common shares		**Share capital**		**Shares to be issued**		**Share option and warrant reserves**		**Accumulated other comprehensive income (loss)**		**Deficit**		**Total equity**
Balance, December 31, 2021	77,515,414	$	49,124,432	$	99,031	$	9,284,921	$	(52,263)	$	(55,147,174)	$	3,308,947
Share and share purchase warrants issued pursuant to offering, net of share issue cost	7,033,400		4,693,205		-		351,670		-		-		5,044,875
Share-based compensation	-		-		-		153,134		-		-		153,134
Shares issued as finders' fee	141,667		28,169		(28,169)		-		-		-		-
Other comprehensive income for the period	-		-		-		-		2,624		-		2,624
Net loss for the period	-		-		-		-		-		(2,596,019)		(2,596,019)
Balance, March 31, 2022	84,690,481	$	53,845,806	$	70,862	$	9,789,725	$	(49,639)	$	(57,743,193)	$	5,913,561
Balance, December 31, 2022	99,690,481	$	68,160,093	$	70,862	$	10,547,271	$	89,777	$	(66,866,520)	$	12,001,483
Shares issued as finders' fee	243,750		70,862		(70,862)		-		-		-		-
Units issued, net of share issue costs and cash finders' fees	10,433,899		5,217,085		-		521,695		-		-		5,738,780
Share-based compensation	-		-		-		1,120,190		-		-		1,120,190
Warrants issued for finders' fees	-		(119,714)		-		119,714		-		-		-
Other comprehensive loss for the period	-		-		-		-		(18,626)		-		(18,626)
Reclassification of subsidiary OCI upon dissolution	-		-		-		-		(1,787)		1,787		-
Net loss for the period	-		-		-		-		-		(5,115,124)		(5,115,124)
Balance, March 31, 2023	**110,368,130**	**$**	**73,328,326**	**$**	**-**	**$**	**12,308,870**	**$**	**69,364**	**$**	**(71,979,857)**	**$**	**13,726,703**

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

TORQ RESOURCES INC.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

		Three months ended March 31,		
		2023		2022
Operating activities				
Net loss for the period	**$**	**(5,115,124)**	$	(2,596,019)
Non-cash transactions:				
Share-based compensation		**1,120,190**		153,134
Accretion expense		**72,557**		-
Depreciation		**71,057**		16,016
Interest and other income		**(145,585)**		(7,656)
Interest expense		**55,479**		-
Net loss from equity investment		**9,393**		-
Unrealized foreign exchange gain		**(23,686)**		(22,899)
Changes in non-cash working capital:				
Amounts receivable		**(16,709)**		132,171
Prepaid expenses and deposits		**(383,614)**		(9,483)
Accounts payable and accrued liabilities		**437,378**		97,607
Cash used in operating activities	**$**	**(3,918,664)**	$	(2,237,129)
Investing activities				
Purchase of equipment		**(36,903)**		(9,323)
Interest and other income received		**145,585**		7,656
Payments for mineral properties		**-**		(31,745)
Cash provided by (used in) investing activities	**$**	**108,682**	$	(33,412)
Financing activities				
Interest paid		**(55,479)**		-
Proceeds from the issuance of shares and share purchase warrants, net of costs		**5,738,780**		5,044,875
Cash provided by financing activities	**$**	**5,683,301**	$	5,044,875
Effect of foreign exchange rate changes on cash		**1,708**		38,204
Change in cash		**1,875,027**		2,812,538
Cash, beginning of the period		**12,470,543**		1,899,324
Cash, end of the period	**$**	**14,345,570**	$	4,711,862

The accompanying notes form an integral part of these condensed interim consolidated 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 unaudited condensed interim consolidated financial statements (the "financial statements") were approved and authorized for issue by the Board of Directors of the Company on May 23, 2023.

(b) Nature of operations

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

(c) Going concern

These 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. The Company incurred a net loss of $5,115,124 for the three months ended March 31, 2023 (2022 - $2,596,019). 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, and on March 10, 2023, the Company closed a non-brokered private placement for gross proceeds of $6,260,339 (Note 9(b)). 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, including two active exploration projects, 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 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.

NOTE 2 – BASIS OF PREPARATION

(a) Statement of compliance

These 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"). The accounting policies followed in these financial statements are the same as those applied in the Company's most recent audited consolidated financial statements for the years ended December 31, 2022 and 2021.

(b) Basis of presentation

These financial statements have been prepared on a historical cost basis. In addition, except for cash flow information, these financial statements have been prepared using the accrual method of accounting.

(c) Basis of 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.

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

The financial statements include the financial statements of the Company, and the following 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.

These financial statements include a 25% investment in Universal Mineral Services Ltd. ("UMS Canada") which is a shared service entity (Note 3).

(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 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 3 of the audited consolidated financial statements for the years ended December 31, 2022 and 2021, and have been consistently applied in the preparation of these financial statements. No new estimates and judgements were applied for the period ended March 31, 2023.

(e) Application of new and revised accounting standards

On May 7, 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). The amendments narrow the scope of the initial recognition exemption ("IRE") so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The adoption of the new standard did not impact the financial statements of the Company.

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarifies how to distinguish changes in accounting policies from changes in accounting estimates. The adoption of the new standard did not impact the financial statements of the Company.

On February 12, 2021, the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments help companies provide useful accounting policy disclosures. The adoption of the new standard did not impact the financial statements of the Company.

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

NOTE 3 – EQUITY INVESTMENT

Investment in associate - UMS Canada

UMS Canada is located in Vancouver, BC, and provides geological, financial and transactional advisory services as well as administrative services to the Company and three other companies on a cost recovery basis. In 2022, the Company acquired 25% share interest in UMS Canada and accounts for this as an associate. UMS Canada is party to an office lease agreement with a total term of ten years, for which certain rent expenses will be payable by the Company. As at March 31, 2023, the Company expects to incur approximately $1.3 million in respect of future lease rent for the remaining 8.25 years.

Summarized financial information of UMS Canada

The Company's share of net loss of UMS Canada for the three months ended March 31, 2023 was as follows:

		2023
Cost recoveries	$	(1,555,704)
Geological services		491,417
Administrative services		1,101,860
Net loss for the period		37,573
Company's share of net loss of associate	$	9,393

There is no comparative information in the comparable period as the Company acquired its 25% ownership interest in UMS Canada in the second quarter of 2022.

The carrying amount of the Company's investment in UMS Canada as at March 31, 2023 was as follows:

		Equity investment
Acquisition of equity investment	$	151,000
Company's share of net loss of investment		(23,976)
Carrying amount as at December 31, 2022		127,024
Company's share of net loss of investment for the period		(9,393)
Carrying amount as at March 31, 2023	**$**	**117,631**

The Company's equity interest in net assets of UMS Canada at March 31, 2023, was as follows:

		2023
Current assets	$	798,894
Non-current assets		2,679,928
Current liabilities		(1,579,817)
Non-current liabilities		(1,428,480)
Net assets - 100%		470,525
Company's equity interest in net assets	**$**	**117,631**

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

NOTE 4 – EQUIPMENT

		Total
Balance as at December 31, 2021	$	383,270
Additions		196,330
Depreciation		(174,073)
Disposals		(7,576)
Foreign currency translation		65,865
Balance as at December 31, 2022		463,816
Additions		36,903
Depreciation		(71,057)
Foreign currency translation		4,962
Balance as at March 31, 2023	**$**	**434,624**

During the three months ended March 31, 2023, the Company recorded $65,391 (three months ended March 31, 2022 - $12,174) of depreciation in exploration and evaluation expense in the condensed interim consolidated statements of loss and comprehensive loss.

NOTE 5 – 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**

(a) Margarita project

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

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 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 March 31, 2023, two of the four claims have been rejected at the first instance, regarding the two remaining, the issuance of the final award is pending.

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

(b) Andrea project

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

		Cash payments (US$)
July 23, 2021 (paid $132,038)	$	105,000
May 24, 2022 (paid $170,937)		135,000
May 24, 2023 (paid $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.

(c) Santa Cecilia project

In order to maintain the option agreement, the Company needs to complete work expenditures of US15,500,000 over the period up to October 21, 2025, including the requirement to achieve 25,000 metres of drilling during the exploration campaign which is a pre-requisite to exercising the option to earn 100% interest in the project and make cash payments of $25,000,000 by October 21, 2028. 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.

NOTE 6 – EXPLORATION AND EVALUATION

For the three months ended March 31, 2023 and 2022 the Company's exploration and evaluation costs were as follows:

Margarita Project		**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

Andrea Project		**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

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

Santa Cecilia Project		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

NOTE 7 – LOAN FACILITY

As at March 31, 2023, the carrying value of the Loan Facility is as follows:

		Loan Facility
Upon recognition of the loan draws	$	1,872,729
Interest expense		83,466
Payments of interest expense		(83,466)
Accretion expense		93,981
Balance as at December 31, 2022	$	1,966,710
Interest expense		**55,479**
Payments of interest expense		**(55,479)**
Accretion expense		**72,557**
Balance as at March 31, 2023	**$**	**2,039,267**

During the period ended March 31, 2023, the Company has incurred an accretion expense in respect of the Loan Facility totaling $72,557 (March 31, 2022 - $nil). During the period ended March 31, 2023, the Company has incurred an interest expense in respect of the Loan Facility totaling $55,479 (March 31, 2022 - $nil) all of which has been paid in cash.

NOTE 8 – RELATED PARTY TRANSACTIONS

(a) Services rendered and balances

All transactions with UMS Canada have 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 transactions for the period	**$**	**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.

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

(b) 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 (for the three months ended March 31, 2022 - $ 41,781).

NOTE 9 – SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) Common share issuances

<u>During the three months ended March 31, 2023:</u>

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 (the "Units") at a price of $0.60 per Unit. Each unit consists of one Torq common 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.

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 $521,695 to the warrants issued. In relation to the private placement, the Company issued 601,034 warrants ("Broker Warrants") to the agents with a fair value of $119,714. Each Broker Warrant will entitle the holder thereof to acquire one common share of the Company at an exercise price equal to $0.60 until March 10, 2025. The Company used the fair value method of accounting for the warrants and these were treated as a cost of share issuance; the total share issuance costs associated with the private placement was $641,272.

On March 31, 2023, the Company issued 243,750 common shares with a $70,862 fair value, pursuant to finders' fee in relation to the Margarita Project finders' fee agreement (note 5(a).

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

During the three months ended March 31, 2022:

On March 18, 2022, the Company closed a non-brokered private placement for gross proceeds of $5,275,050 consisting of 7,033,400 units at a price of $0.75 per Unit. 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 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.

On March 31, 2022, the Company issued 141,667 common shares with a $28,169 fair value, pursuant to the Margarita Project finders' fee agreement (Note 5(a)).

NOTE 10 – SHARE OPTION AND WARRANT RESERVES

(a) Share-based options

The Company maintains a Rolling Share-Based Option Plan providing for the issuance of share purchase 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, 2021	7,745,000	$ 0.80
Granted	700,000	0.65
Forfeited	(70,000)	0.78
Cancelled/Expired	(4,523,125)	0.85
Outstanding, December 31, 2022	3,851,875	0.72
Granted	5,550,000	0.73
Forfeited	(68,750)	0.70
Cancelled/Expired	(16,875)	0.65
Outstanding, March 31, 2023	**9,316,250**	**$ 0.72**

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

As at March 31, 2023, 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)
Sep 21, 2023	125,000	$	0.50	0.48	125,000	$	0.50	0.48
Apr 1, 2024	250,000		0.50	1.01	250,000		0.50	1.01
May 25, 2025	400,000		0.58	2.15	400,000		0.58	2.15
Jun 25, 2025	150,000		0.66	2.24	150,000		0.66	2.24
Apr 7, 2026	1,355,000		0.77	3.02	1,355,000		0.77	3.02
Sep 3, 2026	375,000		0.82	3.43	375,000		0.82	3.43
Nov 24, 2026	535,000		0.86	3.65	535,000		0.86	3.65
Jul 19, 2027	617,500		0.65	4.30	308,750		0.65	4.30
Jan 19, 2028	5,363,750		0.73	4.81	1,340,938		0.73	4.81
Feb 7, 2028	45,000		0.62	4.86	11,250		0.62	4.86
Mar 3, 2028	100,000		0.60	4.93	25,000		0.60	4.93
	9,316,250	**$**	**0.72**	**3.17**	**4,875,938**	**$**	**0.66**	**3.17**

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees and others providing similar services. During the three months ended March 31, 2023, and 2022 the Company recognized the following share-based compensation amounts within:

	Three months ended March 31,			
		2023		2022
Exploration and evaluation	**$**	**417,022**	$	26,257
Fees, salaries and other employee benefits		**627,624**		115,903
Marketing and investor relations		**58,024**		10,974
Project investigation		**17,520**		-
	$	**1,120,190**	$	153,134

During the three months ended March 31, 2023, the Company granted 5,550,000 (three months ended March 31, 2022 – nil) share options to directors, officers, employees, and certain consultants who provide on-going services to the Company, representative of employee services. The weighted average fair value per option of these share options was calculated as $0.44 using the Black-Scholes option valuation model at the grant date.

The fair value of the share-based options granted during the three months ended March 31, 2023, was based on the following weighted average assumptions:

	2023
Risk-free rate	**2.84%**
Expected life	**5 years**
Expected volatility	**70.93%**
Dividend yield	**0.00%**

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

(b) Share purchase warrants

The continuity of the share purchase warrants issued and outstanding is as follows:

	Number of warrants	Weighted average exercise price
Outstanding, December 31, 2021	-	-
Issued	11,135,964	$ 0.92
Outstanding, December 31, 2022	11,135,964	0.92
Issued	5,817,983	0.78
Outstanding, March 31, 2023	**16,953,947**	**$ 0.87**

A summary of the Company's warrants issued and outstanding as at March 31, 2023, is as follows:

Expiry date	Warrants outstanding	Weighted average exercise price
July 11, 2024	3,333,333	$ 0.60
July 11, 2024	769,231	0.65
March 1, 2025	7,033,400	1.10
March 10, 2025	601,034	0.60
March 10, 2026	5,216,949	0.80
	16,953,947	**$ 0.87**

NOTE 11 – FINANCIAL INSTRUMENTS

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

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

As at March 31, 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 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 currency risk. As at March 31, 2023, the primary risks were as follows:

(a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common shares or debt as required. As at March 31, 2023, the Company had sufficient cash on hand to discharge its financial liabilities as they become due but will require additional funding to continue with planned exploration operations for the upcoming year.

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

(b) Credit risk

The Company's cash and amounts 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 amounts receivable primarily consist of GST receivable from the Government of Canada.

(c) Currency 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 Company is exposed to significant market risk from currency risk by having balances and transactions in currencies that are different from its functional currency.

The Canadian parent company is exposed to USD foreign currency risk with functional currency and the Chilean subsidiaries with USD functional currency are exposed to CLP foreign currency risk. As at March 31, 2023, the Company's foreign currency exposure related to its financial assets and liabilities held in USD and CLP is as follows:

		March 31, 2023		December 31, 2022
Period end exchange rate $ per USD	**$**	**1.3533**	$	1.3544
Cash	**$**	**11,411**	$	1,192
Accounts payable and accrued liabilities		**(23,880)**		-
	$	**(12,469)**	$	1,192

In USD		**March 31, 2023**		December 31, 2022
Period end exchange rate CLP per USD	**$**	**790.41**	$	848.50
Cash	**$**	**916,176**	$	215,907
Accounts payable and accrued liabilities		**(736,177)**		(675,711)
	$	**179,999**	$	(459,804)

A 10% increase or decrease in the USD and CLP exchange rates would result in an impact of approximately $23,053 to the Company's loss and comprehensive loss for the three months ended March 31, 2023.

NOTE 12 – SEGMENTED INFORMATION

The Company operates as one operating segment, being the acquisition and exploration of mineral resource properties. The Company's primary exploration and evaluation assets are located in Chile, and its corporate assets, comprising mainly cash, are located in Canada. The Company is in the exploration stage and has no reportable segment revenues or operating results. Most corporate expenses are incurred in Canada.

NOTE 13 – COMMITMENTS

During the three months ended March 31, 2023, the Company entered into a drilling services contract for the 2023 exploration program at the Santa Cecilia mineral property in Chile. The Company has committed to a 3000 – 4000 metre drill program with the contractor, ending on May 31, 2023 or when the weather dictates the cessation of drilling activity, whichever is earlier. The Company has advanced the contractor 20% of the total of the contract value, approximately $350,000 which is included within prepaid expenses and deposits.

NOTE 14 – MANAGEMENT OF CAPITAL

The Company considers capital to include items within shareholders' equity. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and evaluation of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue additional common shares. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets.

The properties in which the Company currently has an interest are in the exploration stage and are not positive cash-flow generating; as such, the Company has historically relied on the equity markets to fund its activities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any capital restrictions and the Company's approach to capital management has not changed from the prior year.