



**Torq Resources Inc.**  
**ANNUAL INFORMATION FORM**  
**For the Fiscal Year Ended December 31, 2023**  
**Dated April 26, 2024**

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## SECTION 1: INTRODUCTORY NOTES

Throughout this Annual Information Form (“AIF”), references to “**Torq**” or the “**Company**” refers to Torq Resources Inc. and its subsidiaries, unless the context requires otherwise. This AIF is dated April 26, 2024. Except as otherwise indicated, information contained herein is as at the date of the Company’s most recent audited financial statements, December 31, 2023. Certain information has been updated to the date hereof in order to ensure that this AIF remains materially correct to the date of filing.

### Currency

Unless otherwise indicated herein, references to “\$”, “C\$” or “**Canadian dollars**” refer to Canadian dollars, and references to “US\$” or “**U.S. dollars**” refer are to United States dollars. The Company uses Canadian dollars in its consolidated financial statements as its reporting currency. As at December 31, 2023, the value of one Canadian dollar, based on daily rates of exchange was US\$0.7561. Likewise, with respect to the Chilean Peso (“CLP”), as at December 31, 2023, the value of one Canadian dollar, based on daily rates of exchange was CLP 665. Because the Company incurs its exploration expenditures primarily in US\$ and CLP while raising its funds in C\$, to the extent CLP and US\$ appreciate against the C\$, the Company’s costs are increased.

### Cautionary Note Regarding Forward-Looking Statements

Certain statements made in this AIF contain forward-looking information within the meaning of applicable Canadian and United States securities laws (“**forward-looking statements**”). These forward-looking statements are presented for the purpose of assisting the Company’s shareholders and prospective investors in understanding management’s intentions and views regarding future outcomes and are inherently uncertain and should not be heavily relied upon. When used in this AIF, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “seek”, “propose”, “estimate”, “expect”, and similar expressions, as they relate to the Company, identify such forward-looking statements. Specific forward-looking statements in this AIF include: the Company’s exploration and financing plans, the likelihood of discovering or expanding resources; permitting timelines; government regulation of mining operations; environmental and climate-related risks; the possible impairment of mining interests; any objectives, expectations, intentions, plans, results, levels of activity, goals or achievements; the timing and amount of estimated exploration expenditures and capital raises for the Company; the liquidity of the common shares in the capital of the Company and other events or conditions that may occur in the future.

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

Inherent in the forward-looking statements are known and unknown risks, uncertainties and other factors beyond the Company’s ability to control or predict, that may cause the actual results, performance or achievements of the Company, or developments in the Company’s business or in its industry, to adversely differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Some of the risks and other factors (many of which are beyond the Company’s control) which could cause results to differ materially from those expressed in the forward-looking statements and information contained in this AIF include, but are not limited to, exploration failure meaning a failure to find, or an actual absence of commercial grades or quantities of mineralization on its properties, fluctuations in the current and projected prices for copper and gold, other precious and base metals and other commodities (such as natural gas, fuel, oil and electricity) which are needed to produce these metals; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, potential unintended releases of contaminants, industrial accidents,

unusual or unexpected geological or structural formations, pressures, cave-ins and flooding); the inherent speculative nature of mineral exploration and development; the estimation of mineral resources, the Company's ability to obtain funding, evolving environmental regulations; changes in laws and regulations impacting mineral title requirements, exploration and mining activities; the possibility of prior unregistered interests in its properties, other defects in title; legal and litigation risks; statutory and regulatory compliance; insurance and uninsurable risks; the Company's limited business history and history of losses and negative cash-flow, which will continue into the foreseeable future; inability to pay dividends, volatility in the Company's share price, the continuation of the management team and ability to secure the specialized skill and knowledge necessary to operate in the mining industry; relations with and claims by local communities and non-governmental organizations, including relations with and claims by Chilean indigenous populations; the compliance requirements of being a public company, including the costs of maintaining the listing requirements on the TSX Venture Exchange ("TSXV"); risks associated with the significant financial resources required to maintain regulatory compliance as a public company; the effectiveness of the Company's internal control over financial reporting; cybersecurity risks; risks relating to the Company's public perception; general business, economic, competitive, political and social uncertainties; and public health crises such as the COVID-19 pandemic and other uninsurable risks. While intended to list the primary risks where seen, no list can contain an exhaustive list of the risk and other factors that may affect any of the Company's forward-looking statements. Some of these risks and other factors are discussed in more detail in the section entitled "*Risk Factors*" in this AIF. Investors and others should carefully consider these risks and other factors and not place heavy reliance on the forward-looking statements.

The Company will only update any forward-looking statements when and to the extent required by applicable securities laws.

### Differences between Canadian and US Disclosure Standards

This AIF uses Canadian mining terms as defined in, and required to be disclosed in accordance with, National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"), which references the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") If and when the Company establishes that any mineral resources exist on its properties it will disclose them according to CIM standards. US investors should be aware that CIM terms may not be the same as the defined terms under Securities and Exchange Commission of the United States ("SEC") Regulation S-K 1300 ("SEC S-K 1300") although given that the Company has not attempted to estimate the quantity or grade of any resources on its projects, these differences are not considered to be material at this time.

### Measurements, abbreviations and acronyms

In this AIF, metric units and imperial units are used with respect to the Company's mineral property and operations. Conversion rates from imperial measures to metric units and from metric units to imperial measures are provided in the table set out below:

Imperial Measure	=	Metric Unit	Metric Unit	=	Imperial Measure
2.471 acres		1 hectare ("ha")	0.4047 hectares		1 acre ("ac")
3.281 feet		1 metre ("m")	0.3048 metres		1 foot ("ft.")
0.621 miles		1 kilometres ("km")	1.609 kilometres		1 mile ("mi.")
2.20 pounds		1 kilogram ("kg")	0.454 kilograms		1 pound ("lb.")
0.032 troy ounces		1 gram ("g")	31.1 grams		1 troy ounce ("oz.")

### Related Financial Statements and Management Discussion and Analysis

This AIF should be read in conjunction with the audited consolidated financial statements of Torq for the year ended December 31, 2023 (the "**Audited Financial Statements**"), and the accompanying management's discussion and analysis ("**MD&A**") for that year. Unless otherwise indicated, financial information contained in this AIF is presented in accordance with International Financial Reporting Standards ("**IFRS**"). The Company's Audited Financial Statements and MD&A are available at [www.torqresources.com](http://www.torqresources.com) and on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## Mineral Project Terminology

As a Canadian issuer, we are required to comply with reporting standards in Canada that require that we make disclosure regarding our mineral properties in accordance with National Instrument 43-101, “*Standards of Disclosure for Mineral Projects*”, Companion Policy 43-101CP and Form 43-101F1 (collectively, “**NI 43-101**”). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects (“**Technical Information**”). The Company’s projects have no known mineral resources or reserves. The individuals named in Section 17 *Interests of Experts* who supervised the preparation of the Technical Information contained in this AIF are “qualified persons”, as defined under NI 43-101 (each individually, a “**Qualified Person**” or “**QP**”) as is Mr. Bryan Atkinson, P. Geol. the individual named as the QP responsible for the technical disclosure in this AIF.

As at the date of this AIF, the Company has two material mineral properties – Santa Cecilia and Margarita.

## SECTION 2: CORPORATE STRUCTURE OF THE CORPORATION

### Name, Incorporation and Registered Office

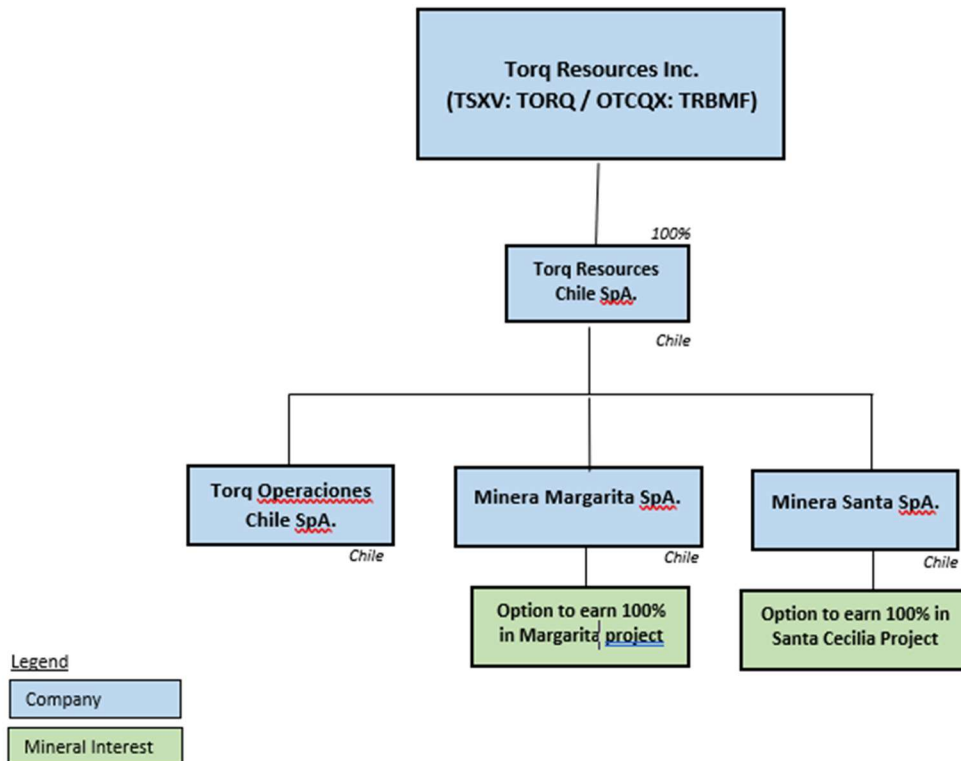
Torq was established in 1985 in order to investigate potential acquisitions and exploring mineral property interests. Torq was incorporated as “Fraserfund Venture Capital (VCC) Corporation” under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) on October 11, 1985. Fraserfund Venture Capital (VCC) Corporation was listed on the TSX Venture Exchange on June 24, 1986. The Company went through various name changes between 1994 and 2011, including Stratton Resources Inc. on July 5, 2011, and then lastly on March 15, 2017, Torq Resources Inc.

Torq’s head office is located at Suite 1630, 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3. The registered and records office of Torq is located at 1500-1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

### Intercorporate Relationships

References in this AIF to the business of the Company include the business conducted by its wholly owned subsidiaries. The Company has three material subsidiaries shown in the chart below, all of which are 100% beneficially owned by the Company.

## Corporate Group Organization Chart



### Material Chilean Subsidiaries

Torq owns four Chilean private companies (three of which are material) which it consolidates as subsidiaries, namely Torq Resources Chile SpA (“**Torq Chile**”), Minera Andrea SpA (non-material), Minera Margarita SpA, and Minera Santa SpA, by virtue of 100% beneficial ownership. The Corporate structure of the Chilean entities was set up in such a way that Torq Chile performs the administrative functions on behalf of the operations and charges its subsidiaries for its services. The separate subsidiary entities hold the option arrangements over the Company’s two material projects: Margarita Project and Santa Cecilia Project.

## SECTION 3: GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

#### 2024 to date

On March 28, 2024 the Company announced the appointment of Waldo Cuadra, Torq’s General Manager in Chile and an Officer, as Director of the Company. Mr. Cuadra has been leading Torq’s technical team in Chile since he joined the Company in 2020. He brings over 40 years of experience both as a geologist and an executive within the mining industry.

On March 25, 2024 the Company implemented cash preservation measures including an immediate 50% pay cut for all salaried North American senior executives, a deferral of those reduced salaries until a financing permits payment and a deferral of all directors cash compensation. The Company will also effect reductions of all non-essential employees and contractors and intends to consolidate its Vancouver office operations into a combination of remote working and relocation to the Santiago offices, where the Company’s technical team, physical assets and exploration activities are centered.

On March 25, 2024 the Company also announced that director, Jeffrey Mason, and Chief Geological Officer (CGO), Michael Henrichsen, resigned their respective positions with the Company, effective immediately, to pursue other business interests. The Company confirmed it will not in the near term appoint a replacement but rather rely on the strength of the Chilean technical team.

On March 25, 2024, the Company dropped its option on the Andrea project in order to focus and prioritize its capital allocation to its more advanced Margarita and the Santa Cecilia projects, where the latter is currently wrapping up its second exploration focused drill program.

On February 13, 2024 the Company announced the commencement of a second drilling campaign at its Santa Cecilia project. The first target, Pircas Norte, has outcropping copper porphyry mineralization on surface, a defined geophysical anomaly below surface, is within 1.5 kilometres (km) of the world-class Caspiche deposit, and has never been drill tested. The drill program at Santa Cecilia is expected to consist of approximately 1,500 metres (m) over three drill holes and results are expected in the near future.

On January 4, 2024, the Company completed a public and private offering and issued 23,206,860 units at a price of \$0.23 per unit for gross proceeds of \$5,337,578. Each unit consists of one Torq common share and one share purchase warrant exercisable at \$0.30 per Torq common share until January 4, 2027. Three directors of the Company purchased an aggregate of 575,000 units in the offering for gross proceeds of \$132,250. The net proceeds from the offering will be used for exploration of the Company's Santa Cecilia project and for general corporate and working capital purposes. Gold Fields Atacama Holdings Ltd., a wholly owned subsidiary of NYSE listed international gold mining company, Gold Fields Limited ("Gold Fields") participated in the concurrent private offering, acquiring 5,678,260 units pursuant to its September 2022 Investment Agreement described below.

## **2023**

On December 5, 2023, the Company announced the results of a trenching program at its Margarita iron-oxide-copper-gold (IOCG) project. The purpose of the trenching program was to further define the geometry of the mineralization at the Falla 13 discovery area as well as to evaluate undrilled target areas in the northern half of the project. The trenching program consisted of 443.5 m, primarily along road cuts and drill platforms created during the phase III drill program. Trench 23MRT-001 intersected 34 m of 0.89 g/t gold and 0.22% copper along a prominent west-northwest structure that links the Falla 13 discovery area and the drill hole 23MAR-031R, which was announced on October 18, 2023 (below).

On November 27, 2023, the Company and the Lender under the Company's CAD\$3,00,000 Loan facility described below agreed to amend the loan facility agreement by extending the maturity date to July 11, 2025. In consideration of the extension, the Company agreed to replace the 4,102,564 share purchase warrants that were issued to the Lender with 7,500,000 share purchase warrants exercisable at \$0.35 per common share until July 11, 2025.

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

On August 2, 2023, the Company announced drill results from the first two drill holes at the Cerro del Medio target in the Company's inaugural drill program at the Santa Cecilia gold – copper porphyry project ("Santa Cecilia"). Drill holes 23SC-DDH-001 and 23SC-DDH-002 are located 700 m apart and were designed to cross a northeast trending structural corridor with the objective of intersecting new porphyry phases and higher-grade mineralization than the



2012 historical intercept in drill hole CDM-12-003, which consisted of 925.7 m of 0.21 g/t gold, 0.27% copper and 82 parts per million (“ppm”) molybdenum. The results from the Company’s drill holes, 23SC-DDH-001 and 23SC-DDH-002, were 476.3 m of 0.23 g/t gold, 0.22% copper and 93 ppm molybdenum at a hole depth of 584 m – 1,060.3 m and 557 m of 0.38 g/t gold, 0.23% copper and 56 ppm molybdenum at a hole depth of 442 m – 999 m respectively. Both drill holes bottomed in mineralization and significantly expanded porphyry mineralization to the south and east from the historical drilling. The gold grades encountered in drill hole 23SC-DDH-002 represent an 81% increase from the 2012 historical intercept from CDM-12-003 and provide a vector to the south and the east toward a potentially higher-grade causative intrusion.

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

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

On March 13, 2023, Torq announced it had commenced its first drill program at the Santa Cecilia project. The initial drill program was expected to consist of a total of approximately 15,000 m over the following 14 months, with a break of four months anticipated between June and September 2023 for the Chilean winter. Approximately 7,000 m of the drilling was expected to take place in 2023, with the first two drill holes planned for the northeastern flank of the Cerro del Medio target area, where mineralization from a 2012 drill hold intercepted 925.7 m of 0.21 g/t gold, 0.27% copper, and 82 ppm molybdenum in a porphyry system. The Company is targeting a higher-grade causative intrusion.

On March 10, 2023, Torq closed its previously announced brokered private placement for proceeds of C\$6,260,339 from the issuance of 10,433,899 units of the Company (the “Units”) at a price of C\$0.60 per Unit on a private placement basis. Each Unit consists of one Torq common share (“Share”) and one half of a Share purchase warrant, two half-warrants being required to exercise and acquire a full Share at C\$0.80 until March 10, 2026. These securities are not subject to a hold period in Canada. Gold Fields deferred exercise of its pre-emptive right in respect of this financing (see below).

On February 10, 2023, Torq obtained a receipt for its final short form base shelf prospectus (the “Shelf Prospectus”) filed with the securities commissions in each of the provinces and territories of Canada. The filing of a Shelf Prospectus is intended to provide the Company with financing flexibility. Under the Shelf Prospectus, the Company may issue and sell up to C\$60,000,000 of common shares, warrants, subscription receipts, units, debt securities, or any combination thereof, from time to time over the 25-month period that the Shelf Prospectus remains effective. This AIF will be deemed incorporated into and form part of that Shelf Prospectus.

## **2022**

### ***Strategic Investment from Gold Fields***

On September 15, 2022, Torq completed an issuance to Gold Fields of 15,000,000 common shares of Torq (the “Private Placement Shares”) at a price of \$1.00 per share on a private placement basis (the “Private Placement resulting in Gold Fields owning 15.05% of issued Torq shares. There was a 4% advisory fee paid to an arms-length advisor in connection with the investment.

### ***Investment Agreement and Strategic Relationship Period***

The Private Placement was completed pursuant to an investment agreement dated September 6, 2022, under which Torq also granted to Gold Fields certain rights for so long as Gold Fields owns at least 7.5% of the issued and outstanding Common Shares and for so long as Gold Fields has not delivered a Standstill Termination Notice (as defined below) (the “Strategic Period”). The Strategic Period may also end upon the occurrence of certain other termination events described below.

*Pre-emptive Common Share Participation Right During Strategic Period*

During the Strategic Period, Gold Fields will have a pre-emptive right to participate (the “Participation Right”) in any future issuance by the Company of its Common Shares or convertible securities (“Equity Securities”, which are subject to certain exceptions described below) on the same terms offered to other subscribers in order to maintain its pro rata interest in the Common Shares (calculated on a partially diluted basis (the “Gold Fields Percentage”) immediately prior to any such issuance, subject to compliance with its standstill obligations set out below and as outlined in the Investment Agreement.

Gold Fields’ Participation Right will terminate upon the earlier of (i) the first sale by the of any of the Private Placement Shares, (ii) the second anniversary of the second instance of Gold Fields’s failure to exercise the Participation Right, (iii) the first instance of Gold Fields’s failure to exercise the Participation Right following a change in control of Gold Fields, and (iv) the delivery by Gold Fields of a Standstill Termination Notice. The Participation Right will not apply to issuances of Equity Securities (i) under Torq’s equity compensation plans; (ii) in connection with acquisitions, (iii) upon the exercise of currently outstanding convertible securities, (iv) upon the exercise of conversion of future convertible securities in respect of which Gold Fields has not exercised its Participation Right, and (v) issuances of Equity Securities to all of Torq’s Common Shareholders on a pro rata basis (each, a “Non-Financing Issuance”), but these issuances will be subject to the top-up rights described below. In addition, the Participation Right includes the following rights of Gold Fields: in the event that Torq proposes to issue Equity Securities during the term of the Participation Right to another mining company (other than Gold Fields or its affiliates) which would result in such other company having an interest in the Common Shares (calculated on a partially diluted basis) exceeding the Gold Fields Percentage, Gold Fields will have the right to increase its Gold Fields Percentage to match that of such other company for a limited period of 10 Business Days from delivery of notice by purchasing additional Equity Securities as part of the offering.

In the event Gold Fields exercises this right, the maximum number of shares permitted to be owned by Gold Fields under the standstill described below will thereafter be automatically increased if necessary to such undiluted percentage as is held by Gold Fields immediately after exercising such right; and to a top-up right during the term of the Participation Right to subscribe for additional Common Shares so as to maintain the Gold Fields Percentage of Gold Fields in the event of dilutive Non-Financing Issuances not subject to its Participation Right described above, which top-up right is exercisable (i) annually during the month of November, and (ii) on an accelerated basis within 20 business days from the public disclosure of events of dilution which would individually or in the aggregate reduce Gold Fields Percentage by more than 5% of the then issued and outstanding Common Shares.

*Gold Fields Participation on Santa Cecilia Technical Committee*

During the Strategic Period, Gold Fields will have a right to appoint two out of four nominees on a technical advisory panel (the “Advisory Panel”) comprised of Gold Fields and Torq representatives to review and provide input to Torq on its exploration and development program. Under the Investment Agreement, the Advisory Panel is to be the primary forum for the exchange of information between Torq and Gold Fields regarding the exploration and development of and activities on Torq’s properties. The Advisory Panel will provide reports, recommendations and advice to Torq’s technical committee with respect to the exploration and development of the Torq properties. The recommendations of the Advisory Panel will not be binding on Torq, Torq’s Technical Committee or Torq’s board of directors.

*Gold Fields Share Resale Restrictions*

Gold Fields has agreed not to sell or otherwise dispose any of the Private Placement Shares: (i) until after the date that is the one-year anniversary of closing, or (ii) to any purchaser that is in the business of exploration for, or development or commercial production of, mineral deposits or providing streaming and/or royalty financing for persons in such

business. In respect of sales after the one-year anniversary of closing, Gold Fields has agreed to co-operate with the Company to identify a Company-nominated purchaser in the event Gold Fields desires to dispose of any Common Shares. The restrictions on disposition described above (the “Restrictions on Disposition”) will apply during the Strategic Period.

#### *Gold Fields Voting Commitments*

Gold Fields agreed not to vote against or withhold from voting for management’s proposed nominees for election to the Company’s board of directors, or other matters comprising annual shareholder meeting business or which are otherwise in the ordinary course of business, including any approval, ratification or confirmation of any security-based compensation arrangement which has been conditionally approved by the TSX Venture Exchange. The voting agreements will apply during the Strategic Period (the “Voting Agreement”).

#### *Gold Fields Santa Cecilia Rights*

Gold Fields has a right of first refusal with respect to Torq’s Santa Cecilia project during the Strategic Investor Period in the event that Torq intends to sell, enter into a joint venture with respect to, or otherwise dispose of an interest in the Santa Cecilia project (the “Right of First Refusal”). Under the Investment Agreement, Gold Fields is subject to standstill agreements which include the agreement not acquire Common Shares in excess of a maximum threshold of 15.05% of the issued and outstanding Common Shares (subject to increase in the event the Gold Fields Percentage is increased above 15.05% pursuant to an exercise of the Participation Right to match the investment of another mining company, as described above) and other customary restrictions (the “Standstill Agreement”). The Standstill Agreement will terminate on the earlier to occur of Gold Fields Percentage dropping below 7.5%, subject to the exercise of its top-up rights; the date that a person or group publicly announces their intention to commence a change of control transaction or an asset transfer involving 50% or more of Torq’s assets, or Torq announces the approval of the Torq board to such a transaction; and a Torq insolvency event.

If Torq publicly releases the results of a preliminary feasibility study or feasibility study (within the meaning of those terms as defined in National Instrument NI 43-101 - Standards of Disclosure for Mineral Projects) (an “Economic Study”) with respect to Torq’s Santa Cecilia Project, Gold Fields may elect to deliver a notice to the Company to the effect that the standstill period will terminate 60 days following the date of the notice (a “Standstill Termination Notice”). Upon Gold Fields’s election to deliver a Standstill Termination Notice to Torq, the Standstill Agreement will terminate sixty days following the date of the Standstill Termination Notice, the Participation Right will terminate; the Advisory Panel will be dissolved; the Restrictions on Disposition will no longer apply, the Voting Agreement will no longer apply; and the Right of First Refusal will no longer apply.

#### *Use of Proceeds of Gold Fields Investment*

The Company agreed in the September 2022 Investment Agreement to use a minimum of \$11,557,819 of the subscription proceeds for exploration and development activities in respect of Torq’s Santa Cecilia project and \$2,250,000 for exploration and development activities in respect of Torq’s Margarita project. During the Strategic Period, Torq has agreed to diligently and in good faith take steps towards and pursue the completion and public release of an Economic Study with respect to the Santa Cecilia project. Torq primarily uses the proceeds for drilling at its Santa Cecilia gold-copper project in Chile’s Maricunga belt, as well as for drilling at Torq’s Margarita IOCG project in Chile’s Coastal Cordillera belt. The Company has not granted any board representation or specific joint venture rights to Gold Fields pursuant to the Investment Agreement. The foregoing summary of the Investment Agreement is a summary only and is qualified in its entirety by reference to the Investment Agreement, a copy of which has been filed under Torq’s SEDAR+ profile on [www.sedarplus.ca](http://www.sedarplus.ca).

#### ***\$3.0 Million Loan Facility***

On July 11, 2022, Torq announced it had concluded a C\$3.0 million two-year Loan Facility originally announced June 23, 2022. Under the amended terms, \$2.0 million was advanced to the Company immediately on execution of the Loan Facility agreement. Amounts drawn under the Loan Facility are subject to 9% annual interest. In consideration for the grant of the Loan 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 C\$2.0 million advance.

On December 13, 2022, the Company announced it had drawn a further C\$500,000 under the Loan Facility and issued 769,231 share purchase warrants exercisable at C\$0.65 per common share for the period up to July 11, 2024 (the expiry of the C\$3.0 million Loan Facility).

On November 27, 2023 the Company and the Lender agreed to amend the loan facility agreement by extending the maturity date to July 11, 2025. In consideration of the extension, the Company agreed to replace the 4,102,564 share purchase warrants that were issued to the Lender with 7,500,000 share purchase warrants exercisable at \$0.35 per common share until July 11, 2025. Additional warrants for 100% coverage will be issued at the time of any future draw down of the remaining \$500,000 with warrants priced at the market price at the time.

The warrants are subject to an exercise limitation which limits the exercise to circumstances where the total holding of Torq voting securities owned or controlled by the lender and its joint actors, including any convertible securities exercisable within 60 days, to 9.99% of the Company's then issued voting securities. All warrants and shares issuable on exercise of the share purchase warrants are subject to a four-month hold period in Canada. The Loan Facility is secured by a general security agreement and is subject to customary loan covenants. There were no finder's or broker's fees, only nominal legal and regulatory costs.

### ***Exploration Results***

In May 2022, the Company announced the discovery of a new copper and gold sulphide system as a result of its maiden 4,075 m reverse – circulation (RC) drill program at its Margarita project, following the first drill program at this location since optioning the project in early 2021. Drill hole 22MAR-013R intersected 90 m of 0.94% copper and 0.84 g/t gold at a depth of 50 m – 140 m. This discovery successfully identified copper and gold sulphide mineralization that may be related to the abundant copper oxide mineralization observed on the southwestern margin of the project, validating the Company's exploration thesis, and representing the potential for a significant new IOCG discovery in the Cretaceous Coastal Cordillera belt in northern Chile. The results of these are included in the Margarita Technical Report dated July 1, 2022, described in more detail below under "Mineral Properties". The Company proceeded to expand on these results through a phase II drill program consisting of 11 drill holes totaling approximately 4,000 m in the second half of 2022. This second program successfully drilled an extension to the initial discovery at Margarita, intercepting 98 m of 0.94 g/t gold and 0.68% copper about 190 m north of the discovery hole. A summary of the drill results was published in the news release dated November 28, 2022, available on the Company's website at <https://torqresources.com/news-media/news/2022/torq-defines-800-metre-mineralized-system-at-the-margarita-project/>.

In September 2022, the Company signed a seven-year community access agreement at the Santa Cecilia project, (see "Mineral Properties", below).

### **2021**

In March 2021, the Company announced it had acquired the option to earn a 100% interest in the Margarita Project located in Chile, approximately 65 km north of the city of Copiapo. The Company moved quickly to drill stage by conducting geological mapping and geophysical surveying programs at the Margarita Project, obtaining drill permits in June 2021 and identifying targets in September 2021, with the inaugural drill program commencing in October 2021.

On October 21, 2021, the Company announced it had acquired the option to earn 100% interest in the Santa Cecilia project 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 to the north of the El Indio belt. The Santa Cecilia project is located immediately adjacent to the Norte Abierto project, held by Newmont and Barrick, which is comprised of the Caspiche and Cerro Casale gold – copper porphyry deposits.

Corporate developments during 2021 included the director appointments of Carolina Vargas, an experienced bilingual (Spanish) investment banker with experience in South America and Canada, and Marie-Hélène Turgeon, an independent ESG advisor with extensive experience in Canada and South America, who is also fluent in Spanish. Ivan Bebek, a director of the Company, retired from the Board in November 2021.

Investment in the Company's activities amounted to \$1.0 million in 2021, compared to minimal investment in prior years, with inaugural exploration costs of \$2.2 million being incurred during the year. Project investigation activities slowed as the key mineral properties were optioned, with lower project investigation costs of \$0.3 million compared to \$0.7 million in 2020. Related corporate administration costs also increased in order to support the exploration activities, totaling \$3.3 million compared to \$1.4 million in 2020.

#### **SECTION 4: DESCRIPTION OF THE COMPANY'S EXPLORATION BUSINESS**

The Company is a TSX-V listed junior resource exploration company. Through its subsidiaries, the Company is involved in the exploration for copper/gold prospects situated in Chile and holds its two principal project interests through mineral property option agreements with the underlying project owners. The Company has a management team which includes persons who have prior success in monetizing two well-known exploration companies and it is further supported by a specialized technical team, recognized for their expertise and experience working with major mining companies. This includes Torq's Chile-based technical team and its noteworthy track record of its leadership for discoveries in that country. This local expertise provides the leverage and connections for the Company to continue to acquire and explore prospective assets in the pursuit of a commercial discovery.

Torq is a "reporting" (generally referenced as a "public") issuer in the Provinces of British Columbia, Alberta, and Ontario, Canada. The Company is listed on the TSX-V (the "Exchange"), and its shares trade under the symbol TORQ.V and is quoted over-the-counter on the OTCQX under the US symbol TRBMF.

##### **Employees & Skills**

Torq requires executive, geological and administrative skills in carrying on its exploration business. Torq employs its Chief Executive Officer directly and engages other officers and consultants on a secondment or contract basis. Management of Torq is led by Shawn Wallace, Chief Executive Officer ("CEO") and Chair, and Oliver Foeste, interim Chief Financial Officer ("CFO") (the former CFO, Elizabeth Senez, resigned from the Company effective December 31, 2023). As at the date of this AIF, the Company and its subsidiaries employ approximately 24 full time direct employees primarily in Chile, with the Chief Executive Officer being the only full-time employee in Canada.

The Company shares, on a cost recovery basis, technical and administrative functions provided by UMS which has a team of approximately 13 geological, accounting, legal and administrative employees based in Vancouver. The Company also relies on consultants and contractors to carry on many of its business activities and, in particular, to supervise and carry out mineral exploration and drilling on its mineral properties. No management functions of Torq are performed to any substantial degree by a person other than the directors or executive officers of Torq. (See "*Shared Services Provider Affiliate*" below)

Most aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, mining, metallurgy, engineering, environment issues, permitting, social issues, and accounting. While competition in the resource mining industry can make it difficult to locate and retain competent employees in such fields, the Company has been successful in finding and retaining personnel for the majority of its key processes.

In addition, Torq's technical and management teams have a track record of successfully monetizing assets for all stakeholders and local communities in which it operates. Torq conducts itself to high standards of corporate governance and sustainability.

##### **Cyclical and Seasonal Aspects**

The Company's exploration business is somewhat cyclical as the prices for commodities and investor risk appetite junior explorers can be said to be cyclical. Although aspects of the Company's business such as analysis and planning

are carried out year-round, the mineral exploration activities are subject to seasonality due to weather conditions at its projects. Santa Cecilia project, located in the high Atacama region, is best accessible for exploration activities from October to May. Conditions such as frozen ground and restricted access due to flooding, snow, ice or other weather-related factors affect the Company's ability to access and perform exploration activities. The Margarita project is mostly accessible all year, although exploration work in the winter months is more complicated and incurs higher costs due to weather conditions and risk management.

Furthermore, the mining business, and particularly metals mining, is subject to metal price cycles. Moreover, the mining and mineral exploration business is subject to global economic cycles effecting, among other things, the availability of risk capital and marketability and price of metals in the global marketplace. See "*Risk Factors – Commodity Price Fluctuations and Cycles*".

### **Intangible Properties**

The Company does not consider that it has any material intangible property. Its real property interests include its mineral and surface rights as described elsewhere in this AIF. The Company's business does not materially involve intangibles such as software, copyright, business or commercial licenses, patents and trademarks.

### **Environment and Cultural Heritage Resources**

Mineral exploration activities are subject to numerous and often stringent environmental laws and regulations. Compliance with such laws and regulations increases the costs of and delays planning, designing, drilling and developing the Company's properties. To the best of management's knowledge, the Company is in compliance in all material respects with all Chilean environmental laws and regulations applicable to its exploration and drilling activities.

Torq is committed to comprehensively meeting all applicable environmental legislation, regulations, permit and license requirements, and to continuously improving its environmental performance and practices. The Company embraces safe, socially and environmentally responsible and sustainable work practices during all activities. Torq seeks to utilize innovative technologies and techniques to reduce its environmental footprint across its projects.

Torq conducts all work practices with due regard for the protection of the environment, including flora, fauna and sites of natural, cultural and historical significance. The Company assesses the potential environmental impacts of all work practices to ensure that effective controls are in place to minimize, mitigate and manage risks. Current costs associated with compliance are considered to be normal. See "*Environmental Regulatory, Health & Safety Risks*" and "*Environmental Risks*".

### **Social and Environmental Policies**

Building and maintaining good corporate citizenship is an important component of Torq's business practices. The Company has adopted several social and environmental policies and codes of conduct that are essential to its operations. The Company's operating practices are governed by the principles set out in its Code of Business Conduct and Ethics, Diversity Policy, Insider Trading Policy, Disclosure Policy and Whistleblower Policy.

Torq contributes to the communities in which it operates by making a meaningful positive difference to the communities affected by its presence. Torq seeks to create mutually beneficial and long-term partnerships with the communities and contributes to local projects such as health, welfare and education. The Company seeks opportunities to maximize employment and procurement for local communities through the provision of suitable training opportunities and resources.

Torq engages in open and transparent dialogue with governments, communities, Indigenous peoples, organizations and individuals on the basis on respect, fairness and meaningful consultation and participation. In September 2022, the Company signed a 7-year social access agreement with the Colla Community near to the Santa Cecilia project, which covers the length of the underlying option agreement which allowed for drilling and other exploration activities to commence. The agreement included payment commitments for direct community support and monetary

contributions totaling approximately US\$100,000 per year. The agreement also included a sliding scale participation in any future sale price of the project, while the Community Agreement is in place, ranging from a minimum of US\$200,000 to maximum of 2% of the project sale price.

### **Mining in Chile - Overview**

In Chile, mining is a key component of its economy, representing approximately 10% of Chile's Gross Domestic Product (GDP). Even though operations are located all over the country, the core mining activities are in the north of Chile.

In addition, Chile has favorable conditions for the development of the mining industry, such as:

- A strong legal framework ensuring economic and legal stability.
- Promotion of exploitation of mining resources, establishing clear rules for those who invest and assume the risk of mining activity.
- Large-scale government investment in infrastructure and transport.
- Availability of highly trained and skilled mining specialists.
- Good quality of mineral resources and convenient deposit locations.
- Relatively short distances between extraction sites and export facilities.

### *Legal System*

The Chilean mining regime is based on a civil legal system and is regulated in three fundamental statutes:

- Political Constitution of the Republic of Chile, which establishes the overall legislation for the mining activity.
- Constitutional Organic Law on Mining Concessions, which describes the characteristics and features of mining concessions granted by the State to whomsoever complies with the requirements connected to their acquisition, along with all rights and obligations attached to those concessions.
- Chilean Mining Code, provides specific regulation and descriptions of mining concessions, including rules on their form and purpose, the granting procedure of mining concessions, the rights and obligations attached to mining concessionaires, the mining concession protection regime and the standard agreements associated with them.

Additionally, the Mining Code Regulation complements the Mining Code and regulates mining activities and operations. Finally, the Mining Safe Regulation contains provisions for the protection of mining workers' lives and safety, as well as on-site safety regulations in connection with machinery, equipment, edifications, and facilities in mining sites.

### *Ownership of Mineral Resources*

The Political Constitution of the Republic of Chile states that the State is the absolute, exclusive and permanent owner of all mines, including metalliferous sands, salt pans, coal and hydrocarbon deposits, with the exception of surface clays.

From this ownership over minerals arises the right of individuals to realize this wealth, through a mining concession granted by the State.

Mining concessions are real property rights, different from, and independent of, the title to surface property. Therefore, there is an absolute distinction between ownership over surface land and ownership over the mining concession, even though the right is exercised over the same area of land. The Constitution states that surface property shall be subject to the obligations and limitations established by law to facilitate mining exploration and exploitation, in addition to mineral processing, but that the surface rights owners must be indemnified beforehand. The mining concessions are always granted by a judicial resolution issued by the judge of the area in which the concession is or will be located.

The procedure of granting must be duly complied with, otherwise the rights arising from these concessions may be subject to cancellation. The judicial resolution declaring the granting of a concession must be registered in the corresponding Mining Registry. Once such registration is completed, any transfer or granting of any in rem right over the concession must be executed by means of a public deed.

The role of the State in mining is that of a grantor-regulator. There is no mandatory national or government joint venture, contracting or participation for gold or copper (certain new rules apply to lithium).

#### *Nature of Mineral Rights*

Mineral rights have a constitutional based regulation in Chile; however, they are also regulated in the Constitutional Organic Law on Mining Concessions, the Chilean Mining Code and the Mining Code Regulation. In this context, the private individual does not have ownership over the minerals, however, the property rights held by the concessionaire over its concession are guaranteed under the constitutional right of (and to) property.

The mining concession is a real estate right that grants its holder the exclusive powers to explore the concessional mineral substances that exist within its limits, if it is of exploration; and those to explore and exploit such substances and become owner of those that it extracts, if it is of exploitation. Consequently, there are two kinds of mining concessions: (i) an exploration concession, valid for two years, which grants its holder the exclusive right to investigate and prospect the existence of all mineral substances; and (ii) an exploitation concession, with an indefinite duration, which grants its holder an exclusive right to explore and exploit the exploitation concession and become the owner of all the mineral substances (metallic and non-metallic) that are extracted from within the limits of the exploitation concession, except for minerals that the State has declared as reserved for itself.

The mining law states that once the mining concession is granted, its owner shall be empowered to undertake any works required for exploring or exploiting the mine. It also states that the exploration and exploitation concessionaires have the right to impose easements or rights of way over the surface properties necessary for exploration works and for stockpiles, processing facilities, energy and communications systems, access roads, pipelines, channels, housing, and, in general, any other ancillary or supplementary facilities or components necessary for free and unconstrained exploitation of the mining concession.

#### *Granting of Mineral Rights*

Mining concessions in Chile have a judicial origin as the courts of justice are the granting authority of the concessions. The procedure to request an exploration and exploitation mining concession starts with the submission of a mining application before the competent court. The date of initial filing for the granting of a concession sets the preference to exercise the rights arising from the concession granted. The law presumes that whoever first submitted the request for an exploration or exploitation concession is the first discoverer.

Exploration and exploitation mining applications are processed by the courts in a non-contentious procedure with no intervention from other authorities or individuals, other than the National Geology and Mining Service (Servicio Nacional de Geología y Minería or SERNAGEOMIN). SERNAGEOMIN is the technical mining authority entitled to advise the Ministry of Mining on geology and mining issues. It must also inform to the judicial court if the mining concession is in compliance with the legal requirements. Once obtained, the mining concessions remain valid as long as the concessionaire pays the annual license. Concessions on mineral rights can be transferred to third parties by means of a public deed, which must be registered in the respective Mining Registry.

#### *Foreign Investment*

Although according to Chilean law, anyone can file a mining application and/or acquire pending or granted mining concessions, there are some limitations for foreign individuals or entities regarding lands that are located close to international borders.

#### *Security of Tenure*



The owner of a mining exploitation concession has a preferred right to exclude other concessionaires over the area of its mining concession and can also request a new mining exploitation concession before the expiration of its mining exploration concession. Both the exploitation and exploration concessions are in rem rights, enforceable against any person or entity. The mining concessions can be transferred and mortgaged and generally enjoy the same legal treatment as other real rights contemplated in legal acts or agreements. The non-payment of the mining license may lead to the inclusion of the mining concession in an auction process affecting the concession. The highest bidder may acquire the mining concession, paying the value of the unpaid mining licenses. If there are no bidders in the auction, the judge must declare the land on which the concession is located as “free land”.

The termination or expiration of the mining concessions can be produced by specific causes, expressly mentioned in the Chilean law, as follows:

- non-compliance of legal terms and steps in their process of establishment.
- not having exercised any judicial action against the overlapping of a third party over the mining concession.
- the expiration of two-year term since the granting resolution, in the case of the exploration mining concession.
- the declaration of nullity by judicial resolution; and
- the abandonment by the owner, unilaterally waiving the rights over the mining concession.

#### *Environmental and Community Relations*

The main environmental laws applicable for mining projects are: Law No. 19,300 (the Environmental Framework Law) Law No. 20,417, which created the Ministry for the Environment, the Service of Environmental Assessment (Servicio de Evaluación Ambiental or SEA) and the Superintendence of the Environment (Superintendencia del Medio Ambiente or SMA) Supreme Decree No. 40/2012 that approves the regulation of the Environmental Impact Assessment System (Sistema de Evaluación de Impacto Ambiental or SEIA). The main agencies overseeing environmental issues are the Ministry of Environment, the SMA and the SEA.

There is a unique administrative procedure for the application of environmental considerations throughout the entire Chilean territory which is administered by regional offices of the SEA. These agencies must receive the relevant environmental approval applications and give them the same treatment as all the applications, according to the terms and conditions stated in Law No 19,300 and Supreme Decree No. 40/2012.

There are two kinds of applications, depending on the potential impact to the environment. If the potential impact to the environment is limited, the applicant shall request an Environmental Impact Declaration (Declaración de Impacto Ambiental or DIA). If the activity represents a major and more environmentally dangerous activity, the applicant shall request an Environmental Impact Study (Estudio de Impacto Ambiental or EIA). Articles 10 of Law No. 19,300 and article 3 of Decree No. 40/2012 list the projects or activities that are likely to cause environmental impact in any of their phases, and which are subject to the environmental impact assessment system. This list includes mining development projects involving coal, oil and gas, prospecting, exploitation, processing plants and waste disposal, as well as industrial extraction of other kind of minerals.

The following mining exploration projects are subject to the environmental impact assessment system:

- Projects that include 40 or more platforms, including their corresponding drilling (between the Arica, Parinacota and Coquimbo regions).
- Projects that include 20 or more platforms, including their corresponding drilling (between the Valparaíso, Magallanes and Chilean Antarctic regions, including the Metropolitan Region).
- On the other hand, mining exploitation projects whose purpose is the extraction or benefit of one or more mineral deposits and whose mineral extraction capacity is higher than 5,000 tons per month.

Where both the Margarita Project and the Santa Cecilia Project are located (Atacama region), the concessions with more than 40 drilling platforms enter the system. If they have less, they don't enter.

The mining projects that are below these limits are not required to be environmentally assessed, unless they are located in protected areas.

Regarding the environmental assessment procedure, the SEA, after receiving the required documentation, has either 60 or 120 days to communicate a resolution on the application -DIA and EIA respectively-. However, the SEA, on average, approves projects in 10 months in the case of DIA and 16 months in the case of EIA. After an administrative process, the SEA issues a resolution allowing the construction, operation or closure of the project and certifies that it complies with the applicable environmental regulations (Resolución de Calificación Ambiental or RCA). All other operating licenses and permits, including those required by SERGNAGEOMIN, the General Water Office (DGA), the Agricultural and Livestock Service (SAG), local governments, and the Ministry of Transport, must be obtained in parallel. SERNAGEOMIN is the main authority entitled to issue several permits like the commencement authorization or the approval of the mine closure procedures, which is regulated by Law No. 20,551. The SMA is the authority responsible for monitoring and sanctioning compliance on environmental regulations (including RCA), in accordance with the provisions of Law No. 20,417.

### *Environmentally Protected Areas*

According to Chilean law, Protected Areas (PA) are especially regulated in the country. They are legally defined in Decree No. 40/2012 as “Portions of territory, geographically delimited and established by an administrative act of competent authority, placed under official protection in order to ensure biological diversity, protect nature preservation or conserve environmental heritage” and are administered by National Forest Development Corporation (Corporación Nacional Forestal or CONAF). In Chile there are 19 categories considered under official protection for the purposes of the SEIA, which are consistent in part with those established in the Washington Convention (for example: National Parks). According to Article 10, section p) of Law No. 19,300, the projects or activities that may cause an environmental impact, in any of its phases, which must be submitted to the SEIA, are the ones related with operations that could affect the PA. In that respect, the SEA has understood that not every project (including mining projects) that is intended to be developed in a PA must enter the SEIA simply because of its location. The evaluation considers the project’s magnitude and extent of the impacts and how these affect the object of protection, which is resolved on a case-by-case basis. There is no PA in the immediate vicinity of either the Santa Cecilia Project or the Margarita Project.

In addition, according to the provisions of Article 17 of the Mining Code, in the case of mining projects development located in specific areas, special permits must be obtained from certain authorities. The most relevant permits from the environmental perspective are: (i) from the regional mayor (Intendente), to execute mining work in places declared national parks, national reserves or natural monuments; (ii) from the president, to carry out mining work in guano deposits (covaderas) or in places that have been declared of historical or scientific interest.

### *Communities*

Citizen participation is considered for those mining projects that are environmentally assessed by the SEIA (the EIAs and the DIAs when they generate “environmental burdens”). At this stage any interested party can make observations on the project, which must be reviewed by the authority and answered by the owner of the mining project, if applicable.

Additionally, the Mining and Society Department of the Ministry of Mining helps to strengthen the relations between mining companies and local communities. That department encourages the development of alliances between mining companies, local communities, and NGOs, promotes education and training opportunities for local residents to qualify for mining jobs and communicate policies and/or good social practices in regions/communities associated with mining operations, among other tasks.

### *Indigenous Rights and Consultation*

In Chile, there is no obligation to request a prior and informed indigenous consultation for mining projects, unless there are indigenous communities located in the area, in which case the Indigenous and Tribal Peoples Convention of 1989 (“ILO Convention 169”) could eventually be applied. ILO Convention 169 was ratified by Chile on September 15, 2008. The Convention provisions are rather generic and require more specific regulation to be clearly implemented

in the national legislation. In this context Supreme Decree No. 66/2013, of the Ministry of Social Development (Indigenous Consultation Regulations) was published.

This decree implements Articles 6 No. 1 a) and No. 2 of the ILO 169 and regulates this mechanism of “prior indigenous consultation” at a local level, establishing specific procedures and stages of participation with the purpose of complying with ILO Convention 169. In 2014, Law No. 19,300 and article 85 of its Regulations were modified, incorporating mechanisms of “prior indigenous consultation” in the SEIA. Therefore, the “prior consultation” process can take place in the context of the SEIA, as well as outside of it. However, for large investment projects -that require environmental evaluation and that may affect indigenous communities- the consultation process must be carried out within the framework of the SEIA. Currently, in the context of SEIA, the “prior indigenous consultation” has four stages and lasts approximately 14 months. If this “prior consultation process” is not carried out, the project cannot be approved.

#### *Duties, Royalties and Taxes*

Regarding income tax, the mining industry is subject to the general tax system. In Chile, companies are charged with a Corporate Income Tax (CIT) at the rate of 27 percent in the case of the Partially Integrated Regime or 25 percent in the Small and Medium Companies Regime (which will be at a rate of 10 percent for fiscal years 2020, 2021 and 2022). The Small and Medium Companies Regime is a beneficial tax regime applicable for companies which annual gross income does not exceed US\$ 3.2 million.

The final owners also must pay Personal Income Tax (Impuesto Global Complementario for Chilean individual residents) at a progressive rate ranging from 0 percent to 40 percent, or Withholding Tax (Impuesto Adicional, for non-residents) at a 35 percent fixed rate. In both cases, the Corporate Income Tax paid by the company is creditable against these final taxes. Note that the credit corresponds to 100 percent or 65 percent of the CIT paid, depending on whether the Small and Medium Companies Regime or the Partially Integrated Regime is applicable, respectively.

The mining industry also has a specific tax (additional to CIT), which is a profit-based tax, and applied over the company’s operational mining income. The rate of the specific tax depends on the annual sales and the mining operational margin of the taxpayer, as follows:

- The taxpayers are exempted if the annual sales are less than the equivalent of 12,000 refined copper tons.
- The rate ranges from 0.5 percent to 4.5 percent if the annual sales are superior to 12,000 but less than the equivalent of 50,000 refined copper tons.
- The rate ranges from 5 percent to 14 percent if the annual sales are more than 50,000 refined copper tons. In this last case, the determination of the rate depends on the mining operational margin.

#### *Incentives*

The mining industry has no regulated special tax incentives. However, they can use the general incentives provided for all other activities. For example, they can apply for special VAT exemptions related to investments in fixed assets and exports. In the past, tax-stabilization agreements have been entered into with the Chilean State, which are regulated in Law No. 20.848. This law states that, in order to assure the application of the current tax rates, foreign investors could apply to sign new invariability agreements up to December 31, 2019. Notwithstanding, it is important to note that previously signed Foreign Investment Agreements (under previous laws) maintain their validity and assure the tax rates established in their clauses. Currently, the Chilean law does not allow to any of such tax-stabilization agreements.

#### *Transfer Tax and Capital Gains*

The transfer of the property of a mining project is subject to the general tax regime. Hence, the seller must pay taxes on the profit made at the corresponding tax rate. Furthermore, Chilean tax law specifically charges a 35 percent withholding tax on indirect sale of shares. This case refers to a transfer of shares issued by foreign entities, which are indirectly represented by underlying assets located in Chile (exceeding thresholds determined in the law).

## **Emerging Market Disclosure**

### *Ownership of Property Interests and Assets*

With respect to the Company's exploration activities, mining concessions and exploration permits, as well as other customary and routine permits obtained from time to time in the ordinary course, are required for the Company to be able to carry on business in Chile.

In order to satisfy itself of its ownership of its property interests in Chile, the Company has, among other things: (i) obtained a title opinion from a Chilean law firm (received November 9, 2023); (ii) conducted searches in Chile as they relate to its property interests; (iii) applied for and obtained the granting of mining concessions according to the procedure established by the Chilean Mining Code and (iv) reviewed, negotiated and executed various agreements with third parties relating to the acquisition of mineral concessions.

The Company regularly takes legal advice from counsel with extensive experience working with mining properties in Chile and who are up to date with current Chilean legal requirements, and specifically as they apply to the Company's activities. The Company also relies on the oversight by Qualified Persons who have conducted a review of its Chilean activities and external consultants who are engaged by the Company in connection with the Company's permitting, licensing and regulatory approval application process, to confirm it has all material permits, licenses and other regulatory approvals needed to carry on its activities.

There are no material restrictions against foreign investment in Chilean mining companies, nor any material legal requirements imposed on foreign ownership of Chilean mining companies.

### *Control by Company over Subsidiaries*

As noted from the corporate structure chart above under the heading "Corporate Organization Chart", the Company has subsidiaries in Chile. Chilean law requires foreign companies operating in Chile to have local operating subsidiaries. All of the Chilean subsidiaries of the Company are wholly-owned subsidiaries over which the Company has complete control. The directors on the boards and officers of its wholly-owned Chilean subsidiaries are all members of the Company's management team and also includes a Chilean lawyer engaged by the Company, to help ensure that the Company has appropriate control and direction over such Chilean subsidiaries.

The Company also maintains and uses corporate controls to ensure that a process and mechanism of approvals is maintained and followed for the disbursement of corporate funds and operating capital and to ensure that investment decisions are reviewed and approved by the Board.

The Company is of the view that there are no material risks associated with its corporate structure and that any risks are effectively managed based on the controls described above.

### *Banking Matters in Chile*

The Company conducts its banking in Chile through banks of international repute, which are subject to international standards. All material disbursements of corporate funds and operating capital to the Chilean subsidiaries are reviewed and approved by the Board or its designees and are based upon pre-approved budget expenditures.

The Company adheres to Canadian and Chilean laws. The Company has a Code of Business Conduct and Ethics that specifically references the Corruption of Foreign Public Officials Act (Canada) that is required to be followed by all directors, officers, employees and consultants.

### *Board and Management Experience in Chile and Board and Management Visits to Chile*

A number of members of the Board and management have experience doing business and operating in Chile. The majority of the senior management team have worked directly with the Chilean management team for the past two years since launching activities in Chile in the latter part of 2020, and there is continuous engagement between the

Board and the management team. Regular business trips are made by key management based in Canada to visit and meet with the management team based in Chile. Furthermore, the directors are made aware of the local business practices in Chile as part of periodic business updates and risk reviews. The Company's directors and executive officers are also advised by experienced legal advisers in Chile and are made aware of new developments in the legal regime and new requirements that come into force from time to time. Any material developments are then discussed by the Company's senior management and at the board level.

### **Language Considerations**

Two of the Company's four non-executive directors are fluent in Spanish and English, and one of the three Executive Officers is either native, fluent or conversant in Spanish and fluent in English. Local business in Chile is conducted largely in Spanish and the members of the Company's management team located in Chile who deal directly with employees in Chile and external consultants are all native Spanish speakers. In addition, the senior management team and the Company's advisors in Chile are fluent in English. Therefore, there is no material language barrier.

#### *The Company's Communication Strategy in Chile*

The Company's communication strategy in Chile includes having representatives of the Company formally meet with stakeholders as required in the context of the status of the Company's activities. Stakeholder engagement activities are undertaken as the Company progresses its milestone activities. The Company values transparent corporate governance and strives to ensure appropriate checks and balances are carried out to safeguard ownership at all levels of the business and provide accountability to stakeholders.

#### *Access to Books and Records*

The Company's Canadian corporate records are maintained at its registered and records office at 1500-1055 West Georgia Street, Vancouver, British Columbia. Business records are maintained in the Hastings Steet, Vancouver shared business offices and Chilean records are maintained by its Chilean counsel and at the Company's Chilean business office. There are no restrictions on the Board's ability to access books and records. In addition to hard copy form, books and records are available electronically. Certain of these records are available to shareholders and a subset is available to the public.

## **SECTION 5: MINERAL PROPERTIES**

### **Overview and Materiality Determination**

The Company currently holds two material mineral property interests: 1) Santa Cecilia Project, and 2) Margarita Project. The Company views these as material on the basis of either Company's investment in them to-date or its plans to invest in them in the near term (meaning incurring exploration expenditures).

<b>Project Name</b>	<b>Location</b>	<b>Subsidiary Which Holds Project or Acquisition Rights</b>	<b>Nature of Interest</b>	<b>Materiality assessment</b>
Santa Cecilia	Chile	Minera Santa SpA	100% Ownership	Material
Margarita	Chile	Minera Margarita SpA	100% Ownership	Material



**Figure 1: Torq Project Locations**

### Current Technical Reports and Responsible Qualified Persons

Technical Information about the projects in this AIF is derived from reports entitled “*Margarita Project, NI 43-101 Technical Report, Exploration Results, Atacama Region, Chile*” having an effective date of July 1, 2022 (the “**2022 Margarita Technical Report**”) and “*NI 43-101 Technical Report Santa Cecilia Property, Chile*” (the “**2022 Santa Cecilia Technical Report**”) having an effective date of June 1, 2022 (together the “**Torq Technical Reports**”) which were prepared for Torq and are available under Torq’s company profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

#### *2022 Margarita Technical Report*

The 2022 Margarita Technical Report, titled “*Margarita Project, NI 43-101 Technical Report, Exploration Results, Atacama Region, Chile*”, is written in accordance with NI 43-101 standards and summarizes the results of the 2022 reverse circulation drilling and related exploration work conducted at the Margarita Project by Torq. This report is authored by Mr. Cristian Quiñones, RM, CMC an independent geologist with AsGeoMin SpA (“**AsGeoMin**”). Mr. Quiñones was retained to complete this 2022 Margarita Technical Report and is fully independent of Torq (and its Chilean subsidiaries). Mr. Quiñones conducted a visit to the Margarita Property in May 2022 to review the 2022 sampling and examined the consistency of geological logging from reverse circulation drilling. Mr Quiñones also verified selected drill hole collar coordinates and inspected surface geological features. The information in the 2022

Margarita Technical Report has an effective date of July 1, 2022, and it has been filed on SEDAR+ (available at [www.sedarplus.ca](http://www.sedarplus.ca)).

*2022 Santa Cecilia Technical Report*

The 2022 Santa Cecilia Technical Report, titled “*NI 43-101 Technical Report Santa Cecilia Property, Chile*”, is written in accordance with NI 43-101 standards and summarizes the results of the 2022 reverse circulation drilling and related exploration work conducted at the Santa Cecilia Project by Torq. This report is authored by Mr. Cristian Quiñones, MAusIMM CP (Geo) an independent geologist and David Seers, MAusImm CP (Geo) a geologist formerly employed by Mining Plus Inc (“MP”). Mr. Quiñones and MP were retained to complete this 2022 Santa Cecilia Technical Report and both are fully independent of Torq (and its Chilean subsidiaries). Mr. Quiñones conducted a visit to the Santa Cecilia Property in December 2021 to review: the drill hole database and assay certificates; availability of relevant certificates; availability of drill hole samples; historical QA/QC procedures; geological consistency; collar location of the drill hole CDM-012-003; main geological features on surface and in CDM cores; Au/Cu/Ag/Mo/As values according to four new independent verifications samples. The information in the 2022 Santa Cecilia Technical Report has an effective date of June 1, 2022, and it has been filed on SEDAR+ (available at [www.sedarplus.ca](http://www.sedarplus.ca)).

*Torq Technical Report Authors’ Consents*

The Torq Technical Reports were prepared by or under the supervision of Qualified Persons and are intended to be read as a whole. Readers are encouraged to review the full text of the Torq Technical Reports which qualify the Technical Information and sections should not be read or relied upon out of context as the Technical Information is subject to the assumptions and qualifications contained therein.

Mr. Cristian Quiñones has consented to the inclusion of the Technical Information with respect to the 2022 Margarita Technical Report in the form and context in which it is summarized in this AIF. Mr. Cristian Quiñones, and David Seers, have consented to the inclusion of the Technical Information with respect to the 2022 Santa Cecilia Technical Report in the form and context in which it is summarized in this AIF.

*QP Responsibility*

Bryan Atkinson, P.Geol, an executive of one of the three other junior resource companies which are contracted for shared services with UMS (see Shared Services Provider) is acting on an interim basis as a “Qualified Person” as defined in NI 43-101, who has agreed to assume responsibility for the overall Technical Information in this AIF including the summarization of any information taken from the above referenced 2022 Margarita Technical Report and 2022 Santa Cecilia Technical Report. The named individuals who supervised the preparation of the Technical Information contained in this AIF are qualified persons, as defined under NI 43-101 (each individually, a “**Qualified Person**”).

**Margarita Project, Atacama Region, Chile**

*Project Description, Location and Access*

The Margarita Property is situated 65 km north of Copiapó city in the Atacama Region, Chañaral Province, and Chañaral Municipality, in the Coastal Cordillera of northern Chile.

Information provided to Asgeomin supports that Torq Resources Inc. is a mining exploration company legally organized under the laws of British Columbia, Canada and Torq Resources Chile SpA organized under the laws of the Republic of Chile. In turn, Torq Resources Chile SpA has a subsidiary company to operate in Chile called Minera Margarita SpA.

### ***Project Option Agreement and Titles***

The following is a summary description of these agreements only and is qualified by copies of the two full material agreements and the two amendments to the Cototuda Agreement, which are filed at [www.sedarplus.ca](http://www.sedarplus.ca). On February 22 and 23, 2021, Torq executed three separate option agreements including the rights to earn a 100% interest in connection to nine exploitation concessions in Chañaral Province, together referred to as the Margarita Project, covering an area of 1,045 hectares.

The primary option agreement for the “Margarita claims” the Company can acquire a 100% interest in the seven 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\$3.3 million of eligible work expenditures had been incurred as at September 30, 2022.

		<b>Cash payments (US\$)</b>	<b>Work expenditures requirement (US\$)</b>
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 C\$155,013 and work requirements met)		100,000	1,150,000
August 18, 2023 (paid C\$406,560 and work requirements met)		300,000	1,500,000
August 22, 2024		1,200,000	-
August 22, 2025		2,000,000	-
August 22, 2026		2,500,000	-
	<b>\$</b>	<b>6,200,000</b>	<b>\$ 3,050,000</b>

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. Subject to its ability to raise capital to meet that obligation amongst its other obligations, the Company is currently seeking an extension for the payment due in August 2024 however there is no certainty an extension will be obtained failing which the Company could lose its entire interest in the Margarita Project.

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

	<b>Cash payments (US\$)</b>
February 23, 2021 (paid C\$63,065)	\$ 50,000
February 23, 2022 (paid C\$31,745)	25,000
August 23, 2022 (paid C\$291,083)	225,000
October 23, 2023 (paid C\$341,900)	250,000
February 23, 2024 (paid \$472,920 subsequent to December 31, 2023))	350,000
	<b>\$ 900,000</b>

Under the option agreement relating to the “Duro” concession, the Company can acquire a 100% interest in the one Duro claim by making cash payments of US\$1,000 on April 21, 2021, and US\$5,000 on August 22, 2026. This Duro agreement is not considered material.

Subsequently on May 2, 2022, Torq announced that it had acquired two exploration concessions covering an additional 200 hectares each on the northern margin of the Property (Torq, 2022A). Torq’s option agreements and exploration licences which are directly held by Minera Margarita SpA. Collectively these eleven mining concessions constitute the Margarita Property. They form a contiguous block with an overall area of approximately 1,445 hectares which are collectively herein referred to as the Property.



Except for the royalty included in the option agreement executed between Minera Margarita SpA and Sociedad Legal Minera Uno de la Sierra Desierto y Otras (which comprise seven exploration mining concessions), the Property is not subject to any other royalties, or back-in rights.

One NSR royalty agreement is in place from the SML Margarita option Agreement. The SML Margarita claims are subject to a 1% net smelter royalty (NSR) payable to the vendors of Property with 50% buyable for US\$2 million. There is no NSR royalty associated with the other two option agreements.

*Accessibility, Climate, Local Resources, Infrastructure, and Physiography*

From Santiago, the Property can be accessed by flying to Copiapó (Atacama Desert Airport) and driving north on paved highway C-5 towards Puerto Flamenco town, then driving eastwards on paved road C-261 for 52 km to connect with the dirt road C-285 that provides access the southwestern portion of the Property. Copiapó city is the main logistics center for the region.

From Copiapó city, drive north-northeast on the paved C-17 highway to the town of Inca de Oro, then drive westwards along the C-273 highway and turn off at kilometer 28 to follow a dirt road northward for 6 km to reach the Property.

The Property is in the southern portion of the Atacama Desert, which is characterized by an arid climate with a marked thermal oscillation year-round and virtually no precipitation. Annual precipitation is approximately 25 mm, with the majority falling during winter months. However, occasionally in the summer there may be heavy rains related to the climatic phenomenon called “Altiplanic Winter”. The Property can be worked year-round without disruptions due to inclement weather.

The vegetation is very limited and represented by the presence of some cactus species. Fauna is limited to reptiles and transient guanacos, foxes, and buzzards. Before any mining project could be commenced a Biological Management Plan (rescue and relocation) for these cactuses and the reptiles will need to be developed.

The Property is in a well-known mining region with several large-scale mining operations such as Manto Verde (copper, Capstone Copper company) and Cerro Negro Norte (iron, CMP company), situated 30 km to the NW and 35 km to the SW, respectively.

Copiapó city (population around 175,000) serves as the main local centre of support for industry, particularly mining and agriculture. In this part of Chile there are no local farming or indigenous (First Nations) communities claiming land rights.

The Property is at an early-exploration stage and engineering studies for mining infrastructure have not been considered.

The Property is in a mid-mountain area of the Coastal Cordillera. The highest elevations, Remolino (1,802 m) and Remolino Chico (1,543 m) peaks, occur in an east-west trending mountain chain which is bounded to the north by the “Quebrada El Chivato” and to the south by the “Quebrada El Desierto”.

Seismic maps of South America indicate that the Property is likely to have high seismicity.

***History***

Several exploration programs have been carried out on the Margarita Property from the 1990s to date. Prior to Torq’s acquisition of the property, exploration work was carried out by the following operators:

- 1997                      Inversiones Valmar
- 1998-1999              Outokumpu
- 2006                      Jorge Garcia de La Huerta
- 2011                      Minera Viento Norte

- 2013 An unnamed company
- 2015-2017 Santiago Metals Limited

The work done by previous operators is discussed in more detail in Section 5: *Mineral Properties – Exploration History and Plans*. The work done by Outokumpu and subsequent operators confirmed the presence of a substantial zone of copper oxide mineralisation (referred to as the Olvidada target) which is located in the south-west corner of the Margarita Property and extends beyond the Property. A hypogene source for this mineralisation was postulated, but no copper sulphide mineralisation had been discovered in this part of the Property at that time.

In early 2021, Torq acquired an option from the owners of the mining concessions to purchase the Property. Since then, Torq has carried out a program of exploration which has resulted in the discovery of a significant zone of copper sulphide mineralisation at a new target located near the north center of the Property.

There has been some informal mining activity in the area based on small scale and artisanal mining for copper, gold and iron. There are no formal production records from these mining activities.

### ***Geological Setting and Mineralization Types***

The Coastal Cordillera Belt is a north-south trending metallogenic unit that runs parallel to the Chilean continental border between the cities of Santiago and Iquique, reaching an approximate extent of 2,000 km in length and 40 km in width. It is related to a volcano-plutonic arc of Jurassic to Early Cretaceous age and a coeval back-arc extensional basin, both of which were controlled by a crustal arc-parallel structure known as the Atacama Fault System in a tectonic regime of Mariana-type subduction.

The Coastal Cordillera Belt hosts several different types of mineral deposits: including Iron Oxide-Copper-Gold deposits (IOCG); Iron Oxide Apatite (IOA) deposits which represent the copper-deficient end-members of the IOCG family; Manto-type copper deposits; and also porphyry copper-(gold) deposits to create a distinctive metallogenic signature.

The current geological interpretation of the Property, which is based on field work carried out by Torq's geological team since the first half of 2021, has identified the following features:

- Three dominant structural systems, namely: NNW-SSE Strike Slip Faults, WNW-ESE Normal Faults, and subordinately NNE-SSW Faults
- The lithological setting of the Property corresponds to a pyroclastic sequence with intercalated tuffs and crystal-lithic tuffs that dominate the area together with a rhyolitic to dacitic lava dome in the central portion (Remolino Hill). These units, in the east sectors, are cross-cut by a variety of intrusive bodies which vary from tonalites to quartz diorites to acidic rocks including porphyritic intrusives, emplaced along NNW trending faults. In the central-south, and subordinately in the north part of the Property, a group of diorites have been recognized. These intrusives may be the sources for a series of dioritic dykes that are present across the Property.
- The presence of several hydrothermal breccias which cross-cut all the other lithological units. These breccias are generally small bodies that are mainly located in the southern part of the Property, although some also occur to the north. These have been mapped as Silica-Specularite-Magnetite Breccia, Rhyodacitic Hematite-Silica Breccia and Quartz-Tourmaline Breccia units.
- Torq has identified six different types of hydrothermal alteration on the Property, namely: potassic, propylitic, sericitic, silica-hematite, advanced argillic and argillic units. These alteration types are indicative of deep mesothermal to shallow epithermal conditions.

Torq has identified three different types of mineralisation on the Property:

- Copper Oxide Mineralisation: This is more developed in the southern part of the Property, mainly in the Margarita and Cototuda areas (extends beyond the limits of the Property). This is mainly represented by

chrysocolla, atacamite, tenorite and neotocite in veins, hydrothermal breccias, infilling fractures or faults and disseminations. The copper oxide mineralisation in these areas is believed to be exotic in nature and to be derived from a nearby, yet unidentified, primary mineralisation source.

- **Iron Oxide Mineralisation:** This is developed throughout the Property, although the most notable occurrences are on the southern slope of Cerro Remolino, in the Cototuda area and in the surroundings areas of the Remolino creek. This mineralisation corresponds to a series of hydrothermal breccias and is characterized by massive silica-specularite-magnetite. Crackle breccia zones grading into silica-specularite stockworks are also developed that cross-cut the tourmaline veinlets. The iron oxide mineralised hydrothermal breccias have a strong structural control.
- **Sulfide Mineralisation:** Sulfides have been identified throughout the Property. The most notable occurrences are on the southern slope of Cerro Remolino as well as on the northern slope of Cerro Remolino Chico. Sulfide mineralisation typically occurs as discontinuous zones dominated by disseminated pyrite with lesser amounts occurring in veinlets. On the surface, sulfide mineralisation is characterized by weak to moderate leaching resulting in partial replacement of sulfides by goethite with the development of boxwork texture. The mineralised intercept in Torq drillhole 22MAR-013R (90 m of 0.94% Cu and 0.84 g/t Au) corresponds with a zone of copper sulfide mineralisation. This is characterized by a mixed zone with pyrite-chalcopyrite-chalcocite coexisting with brochantite-atacamite-chrysocolla near surface, which at depth grades into a zone of primary pyrite-chalcopyrite mineralisation associated with magnetite-mushketovite. These zones are believed to be spatially and genetically linked to hydrothermal breccia bodies with strong NNW structural control and are hosted in the Remolino Dioritic Porphyry.

#### *Local Area Deposit Types*

The Coastal Cordillera Belt is renowned for its IOCG and IOA deposits which are hosted in volcanic and plutonic rocks of Jurassic to Lower Cretaceous age, dated mainly from 137 to 115 million years ago (My). The Coastal Cordillera hosts numerous globally significant IOCG deposits including:

- Active mining operations such as Candelaria, Manto Verde, Punta del Cobre, Cerro Negro, Altos de Punitaqui and Panulcillo,
- Advanced stage projects such as El Espino (Pucobre company), Casualidad (Codelco company), Santo Domingo (Capstone company), Productora (Hot Chili company), Sierra Norte (Alxar company), Montonero (Southern Copper company) and Astillas (AMSA company).

The Margarita Property appears to be located in an IOA-IOCG belt, with mostly IOA deposits to the south and IOCG deposits to the north.

The Coastal Cordillera Belt also hosts other deposit types such as porphyry copper deposits, usually with associated gold credits, hosted in small porphyry dacite stocks and associated volcanics host rock. The porphyry stocks were emplaced between 103-87 My and are a little younger than the IOCG deposits. These porphyry copper deposits are usually smaller than those in younger Paleocene or Eocene-Oligocene porphyry belts. Currently, there are a few operating mines on this type of deposit including Andacollo (Teck company) and Antucoya (AMSA company) and previously at Dos Amigos (CEMIN company) where mining has now ceased.

In summary, the Property shows several geological features that are commonly seen in porphyry copper and IOCG systems.

### ***Exploration History and Plans***

A summary of the historical exploration work done prior to Torq's acquisition of the properties is given in Section 3: *General Development of the Business*.

Summary of pre-Torq exploration work on the Property (1997-2017)

Year	Company	Exploration work	Key outcomes
1997	Inversiones Valmar S.A.	Geophysics (Induced Polarisation)	Anomaly identified but no record of any follow up work
1998-1999	Outokumpu	Geological mapping (lithology ); Geochemical sampling (320 rock and 942 soil samples); RC drilling (47 holes totaling 5,622 m)	Identified a zone of copper oxide mineralisation (Olvidada target) which was drilled to depths of 350 m (located in the SW corner of the Margarita Property). Six holes drilled in other areas did not yield results of interest.
2006	Jorge Garcia de La Huerta	Geological interpretation and resource modelling; Metallurgical test work	Initial (historical) estimate of copper oxide mineralisation on the Olvidada target based on Outokumpu drillings.
2011	Minera Viento Norte	Alteration analysis by Aster images); Geological interpretation and resource modelling	Identified alteration zones associated with the mineralisation and postulated a hypogene source. Confirmed the initial historical estimate of the copper oxide mineralisation on the Olvidada target
2013	Unknown (Cototuda area)	Drilling (35 RC & 11 diamond cored holes: total 1,963.82 m)	No details available.
2015-2017	Santiago Metals Limited	Geological mapping (lithology); Geochemical sampling (66 rock samples) Geophysics (ground magnetics); Geological interpretation and resource estimation	Re-confirmed the existence of the copper oxide mineralisation on the Olvidada target. Dropped the concessions as they did not control 100% of the area covering the zone of copper oxide mineralisation.

The work done by the previous operators confirmed the presence of a substantial zones of copper oxide mineralisation located in the south-west corner (Olvidada) and south (Cototuda) of the Property and extending outside it. The main zone was initially termed the Olvidada target but has more recently been referred to as the Margarita Structural corridor. This is a NNW-trending zone with a strike length of 1,400 m and a width of up to 225 m in which the presence of copper oxide mineralisation was identified by Outokumpu's exploration works.

Based on the results from drilling done by Outokumpu in this area, an initial mineralization estimate was prepared in 2006. A hypogene source for this mineralisation was postulated, but to date no copper sulphide mineralisation has been discovered in this part of the Property. No copper sulfides were identified in the Olvidada and Cototuda areas.

A ground magnetic survey of the area, commissioned by Santiago Metals Limited in 2015, identified several moderately high magnetic anomalies which may correlate with weakly-elevated magnetite contents related to alteration of hematite Argali (2015). Further follow up of these anomalies was recommended. Torq's recent discovery hole 22MAR-013R is located on a NNE high magnetic anomaly, which highlights the interest in other similar anomalies present on the Property.

### *Torq's Exploration Work*

Since acquiring the option agreements on the Property, Torq has carried out an extensive exploration program including the following activities:

- Topographic Survey and Access Roads:

Torq commissioned a topographic survey of the Property to determine the location of drillholes collars of Outokumpu and Torq campaigns. In total, seventeen drill pads were surveyed and built. In addition, 8,500 m of new roads were constructed and 4,820 m of pre-existing roads were repaired. Twelve of the new drill pads were used for Torq's drilling program.

- Geological Mapping:

In 2021, Torq commissioned the consulting geologist Mr. Carlos Arevalo to carry out a geological study of the Property based on geological and structural mapping and interpretation at 1:5,000 scale. A total of ten sites of potential dilution that might be favorable for the deposition of mineralisation were determined related to the NNW-SSE and WNW-ESE Fault Systems.

In parallel with Arevalo's study, the Torq geology team carried out detailed mapping of the Property at 1:2,000 scale with the aim of defining lithological, hydrothermal alteration and mineralisation characteristics aimed at understanding the complex system and trying to identify vectors that might lead to potential mineralisation targets. The results of Torq's geological mapping work were summarized in Section 1.6 of the Report.

- Geochemical Sampling:

In 2021, Torq carried out a soil geochemical survey of the entire Property based on a regular 200 m by 200 m sampling grid. A total of 264 soil samples were collected and these samples were analysed using a portable x-ray fluorescence (pXRF) device. Infill soil sampling was subsequently carried out in two zones. First, in the northern part of the Property the sampling grid was increased to a 50 m by 50 m spacing at two areas, with a total of 544 additional samples being analysed. Second, in the Cototuda area in the southern part of the Property, an infill grid of 100 m by 100 m was sampled, with the collection of 140 samples. The pXRF results were validated with 30 duplicated samples assayed by ICP-MS and Fire Assay.

The results obtained from the soil geochemical surveys identified two main targets, namely:

- An extensive soil anomaly in the southern portion of the Property which corresponds with the area around the old Cototuda mine where small scale artisanal mining and historical exploration have been carried out.
- A significant soil anomaly in the northern part of the Property which corresponds with the target that was subsequently tested by drilling, hole 22MAR-013R, which intersected significant primary mineralisation (90 m at 0.94% Cu – 0.84 g/t Au).

In addition to the soil sampling program, a rock geochemical sampling program was carried out to determine the chemical content of the host rocks. A total of 226 rock samples were collected, mostly from the southern part of the Property. The results obtained showed the presence of anomalous copper contents in rocks from the Cototuda soil anomaly identified by the pXRF soil geochemical study.

- Geophysics:

In 2021, Torq contracted Computational Geosciences Inc. to complete a re-interpretation of the ground magnetic survey results from the 2015 survey done by Argali with the objective of improving the understanding of magnetic behavior at low latitudes using 3D magnetic inversion. A total of eight plan views were created at 100 m spacings from 600 m to 1,600 m elevation.

In March and April 2021, Torq commissioned to Argali Geofisica Chile E.I.R.L. to complete an Induced Polarization (IP) survey of the Property on Torq's behalf in order to identify features that might reflect the presence of porphyry copper or IOCG type mineralisation. Fourteen lines totaling 48.3 km were surveyed. The

chargeability results outlined a strong chargeability anomaly (20-30 mV/V) covering an area of about 2 km by 3 km that remains open to the north. The resistivity results show a large zone of low resistivities (high conductivities) which is generally coincident with the high chargeability. Zones with low chargeability are generally associated with high resistivities. The coincident chargeable-conductive anomalies represent an exploration target with a high potential for the discovery of primary sulfide mineralisation. The IP survey shows a different behavior between the northern and southern parts of the Property, with different characteristics being noted north and south of WNW-ESE trending Remolino Structural Corridor, as follows.

- To the north, there are coincident high chargeability and high conductivity anomalies with a sub-horizontal geometry. The mineralised interval in drillhole 22MAR-13R falls within this anomaly, but its interpretation is still under discussion.
- To the south, below the 1,200 m level, there is a high chargeability anomaly which coincides with a zone of moderate resistivity (300-120 ohm-m). Nearer surface there is a high conductivity (low resistivity) anomaly with a flat geometry which is interpreted as corresponding with a leached zone.

In May 2021, Torq commissioned Computational Geosciences Inc. (CGI) to use 3D inversion to perform a reinterpretation of the IP data collected by Argali. CGI's interpretation showed both similarities and differences in the configuration of the chargeability and conductivity anomalies with respect to the inversion previously made by Argali. CGI's results confirmed the presence of different characteristics north and south of the Remolino Structural corridor. The southern block, above the 1,200 m level, shows coincident high conductivity and high chargeability anomalies both of which diminish with depth. In contrast, the northern block shows higher chargeability and conductivity values below the 1,300 m level.

- Petrology, Mineralogy and Research Studies:

Torq's 2021 geological mapping program was supported by petrographic studies carried out by the petrologist Mrs. Paula Cornejo. Microscope studies of thin sections from fifty-seven rock samples were carried out to determine the minerals present and to characterize the lithology and hydrothermal alteration types. In addition, thirteen polished sections were examined to assist in identification and characterization of mineralisation. The results of these petrographic studies contributed to the definition of the lithological and alteration units of the Property.

Also in 2021, short wave infrared (SWIR) spectrometry studies were carried out on forty samples using a Terraspec instrument to identify the minerals present in the samples and to better understand the hydrothermal alteration associations.

*Exploration Potential:*

Torq's exploration program is currently focused on the discovery of IOCG-type mineralisation and all results described previously have been followed up by a recent RC drilling program, as described in the next Section. The results obtained from the recent drilling have been very encouraging, with the discovery of significant mineralisation in hole 22MAR-13R where an intercept of 90 m averaging 0.94% Cu and 0.84 g/t Au has been reported from 50 m to 140 m down the hole. This has confirmed the presence of IOCG style copper-gold sulfide mineralisation in the northern part of the Property. Hole 22MAR-13R was located on a magnetic high which remains open towards the north and coincides with a NNW-SSE trending zone of high chargeability and high conductivity.

Additional drilling was carried out by Torq in the southern part of the Property (Cototuda area), where copper oxide mineralisation has been investigated in the past. To the east of the zone where recent drilling was carried out, there is a prominent copper soil anomaly which is coincident with an interesting high chargeability anomaly located more than 200 m depth below surface, providing another untested exploration target.

***Previous and Recent Drilling***

Three drilling campaigns (totalizing 6,845 m) have been carried out within the Property limits:

- 1998-1999: drilled by Outokumpu, including 14 drill holes, totalling 2,240 m.
- 2013: drilled by unknown company, including 19 drill holes, totalling 529 m.
- 2021-2022: drilled by Torq, including 13 drill holes, totalizing 4,076 m.
- 2023: drilled by Torq, including 14 drill holes, totalling 3,862 m

*Historical Drilling Program:*

The first two historical campaigns were focused on the copper oxide mineralised zones in the southern portion of the Property and extended outside it. Details are as follows:

- In 1998 and 1999, Outokumpu drilled fourteen RC holes on the current Property, together with a further thirty-three RC holes on adjacent properties to the west and south. For these drill holes, brief summary logs of the lithology and mineralised zones are available. This campaign was mainly focused in the southwest corner of the current Property, in the Margarita area (also referred to as the Olvidada target in the Desierto Project).
- The 2013 drilling campaign was focused on the south of the current Property, in the Cototuda and Chivato areas, and included nineteen holes inside the Property and another twenty-seven holes outside and immediately to the south of the Property. This campaign included 11 diamond cored holes, the remainder being RC holes.

For both drilling campaigns, drilling methods, logging procedures, core and RC chip Recovery, collar surveys and downhole surveys procedures are not available. For all of these drill holes, only collar coordinates, downhole surveys and analytical results for total copper are available (all of these are in Excel files without any original certificates). Torq has not verified the collar coordinates, surveys measurements or assay results for these drill holes.

*Torq 2021-2022 Phase 1 Drilling Program:*

A scout drilling program was conducted by Torq between December 11, 2021 and March 5, 2022. Thirteen RC holes were drilled to test for the presence of copper-gold sulfide mineralisation. Targets were identified based on the known occurrences of copper oxide mineralisation related to a large-scale alteration system, as well as anomalous features identified by the geological mapping, rock and soil geochemical surveys and ground-based magnetics and induced polarization geophysical surveys that had been completed on the Property. Particularly, the drilling program was focused on two different target areas:

- The Southern (Margarita-Cototuda) area is characterized by an extensive copper in soils (pXRF) geochemical anomaly, over an area of 1.5 km by 0.5 km. This anomaly is hosted within a largely dioritic to dacitic intrusive complex cross-cut by hydrothermal breccias along NNW-SSE trending structures. The area is also characterized by the presence of strong sericitic-hematite alteration with lesser potassic alteration observed within the Cototuda area. The first ten drillholes were drilled in this area.
- The Northern area is situated along the extensions of the NNW-SSE trending structures and is defined by a copper in soils (pXRF) geochemical anomaly. Torq's technical team believes that there is good potential for finding mineralised intrusive bodies within this structural corridor based on the presence of chargeability highs, indicating the potential for sulfide mineralisation, and resistivity lows, indicating the presence of hydrothermal alteration at shallow depths of approximately 150 – 300 m. The last three drillholes were drilled in this area and included hole 22MAR-013R which intersected significant primary sulphide mineralisation (90 m at 0.94% Cu – 0.84 g/t Au).

Torq's RC drilling campaign was carried using the contractor Geo-Operaciones Ltda. All the collar locations of the drillholes were surveyed. Downhole surveying was conducted by SG Drill company with downhole survey measurements being recorded for twelve drillholes. Hole 21MAR-001R was not measured because it was aborted due to drilling problems at 166 m and then resumed by drilling 21MAR-002R. Given the nature of scout drilling, it is not

possible to determine true lengths or thicknesses from these holes. The wide spacing between holes does not allow the geometry, dimension and orientation of the intercepted units to be determined. Geological logging of the RC cuttings (chips) was carried out by Torq's geological team to capture information on lithology, alteration, mineralisation and geological structures.

*Torq 2022 Phase 2 Drilling Program:*

Not included in the Margarita Technical Report, dated July 1, 2022, are the results of the Phase 2 drilling program which were published by the Company in a news release dated November 28, 2022, found at the link following: <https://torqresources.com/news-media/news/2022/torq-defines-800-metre-mineralized-system-at-the-margarita-project/>

*Torq 2023 Phase 3 Drilling Program:*

Not included in the Margarita Technical Report, dated July 1, 2022, are the results of the Phase 3 drilling program which were published by the Company in a news releases dated October 18, 2023 and December 5, 2023, found at the links following:

<https://torqresources.com/news-media/news/2023/torq-drills-two-new-discoveries-at-margarita-iocg-project-42-m-of-1.1-g-t-gold-and-0.48-copper-on-new-structure-near/>

***Sample Preparation, Analyses, Data Verification and Security***

*Historical Campaigns (1998-1999 and 2013):*

Details of the sampling protocols, analytical laboratories, QA/QC procedures and sample security protocols used for the historical drilling campaigns are not available.

*Torq (2021-2023) Drilling-Sampling:*

Appropriate details of the sampling protocols, analytical laboratories identification, QA/QC procedures and sample security protocols, used for this drilling campaign are available and documented.

Reverse circulation drill cuttings (chips) were blown into a cyclone and collected every 2 m from the top to bottom of each hole, regardless of lithology changes. A total of 1,568 samples (78% of the total samples) had recoveries above 80%. A 10 kg portion of the final split was bagged and ticketed with a unique assay number, to be sent to the laboratory for analysis.

Five laboratories were shortlisted for evaluation: ALS Chile, Bureau Veritas, SGS, Andes Analytical Assay and Geolaquim. These laboratories were visited and rated. Based on the ratings obtained, ALS Chile was selected as the Primary laboratory, and Andes Analytical Assay as the umpire laboratory. Both are independent laboratories holding ISO 9001:2008 and ISO 17025 certification and are independent of Torq and the Author of this report.

A detailed sample preparation protocol was established and documented. Upon arrival at the laboratory the RC samples were organized, recorded and prepared for analysis using ALS Chile's sample preparation process which is adequately described.

Details of the analytical methods used by ALS Global are provided on their website (ALS Global, 2022). For Torq's drilling campaign, all samples were assayed at ALS Chile for the following elements:

- Acid soluble copper: using method Cu-AA05 - sulfuric acid leach with atomic absorption spectrometry (AAS) analysis.
- Gold: using method Au-AA23 based on fire assay with a 30 g charge and an AAS finish.



- Multi-element suite: method ME-MS61 - Four Acid leach of a 0.25 g sample with analysis of 48 elements using inductively coupled plasma mass spectrometry (ICP-MS). This method has an upper detection limit of 1% for copper, lead and zinc, and an upper detection limit of 100 ppm for silver.

In cases where the ICP-MS analysis reported results for copper, lead, silver and zinc which exceeded the upper detection limits they were re-analysed using the method ME-OG62 based on a four-acid digestion and analysis using inductively coupled plasma atomic emission spectroscopy (ICP-AES).

A QA/QC program was implemented by Torq to monitor the sampling and analytical procedures. For copper and gold, the QA/QC results of precision, accuracy and contamination control samples were all contained in the acceptable ranges. The frequency of control-sample insertion was: 7% Duplicates, 6% Standard Reference Materials, 7% Blanks and 4% Check Samples.

Data was stored on an appropriate server. The database management software used was Acquire®.

Torq has a rigorous sample security protocol based on chain of custody procedures, locked facilities with controlled access, and secure sample transport to the analytical laboratory. The core shack is fenced, locked when not occupied, and it is secured. This facility, located in Inca de Oro, contains only samples from Torq's recent exploration work since there are no available samples for the historical campaigns.

#### 2021-2022 Data Verification

The QP Mr. Quiñones performed a program of data verification, including a site visit to the Margarita Property from May 19-20, 2022. The data verification considered a review of the following items:

- Comparison of the drillhole database against assay certificates
- Availability of relevant certificates
- Sampling and QA/QC procedures
- Field inspection of drill hole collar locations
- The availability of drill hole sample materials
- The consistency of the original geological logging
- Inspection of the main geological features on surface and in Torq drill holes
- Geological consistency for this type of deposit
- Confirmation of the presence of gold and copper mineralisation based on four new and independently collected samples

In the opinion of the QP Mr. Quiñones, the geological understanding of Margarita Property is consistent with an early-exploration stage project, and the sufficient geological, geochemical and geophysical information is available to continue the exploration for an IOCG and/or porphyry copper deposit. However some weaknesses were identified:

- Information on historical drilling campaigns is very limited. Therefore, this drilling data cannot be used to support mineral resource estimation and should be used only as reference information when planning future exploration work.
- Some improvements to the quality assurance procedures that have been adopted are recommended, such as having QC standards (certified reference materials) with a wider range of grades, in order to confirm that the assay results obtained are adequate to support the estimation of metal grades in future resource estimation studies.

#### ***No material Mineral Processing, Metallurgical Testing and No Resources or Reserves***

It is reported that in 2006 a limited amount of metallurgical test work was done on copper oxide mineralised materials from the Olvidada target. These results are not relevant to the sulfide mineralisation which is the focus of Torq's current exploration program. To date no metallurgical testing has been done of the copper sulfide mineralisation.

### ***Interpretation and Recommendations***

The Property is located in a favourable geological setting within the Coastal Cordillera Belt, which hosts numerous IOA-IOCG deposits and other deposit types such as porphyry copper deposits. The Property shows several geological features that are commonly seen in porphyry copper and IOCG systems.

Several historical exploration programs have been carried out on the Margarita Property from the 1990s to date. Historical exploration by previous operators at Margarita was focused on a mineralised zone with copper oxides located in the south of the Property.

Torq's exploration program, which includes a RC drilling campaign (totaling 4,076 m), is currently focused on sulphide mineralization, particularly on the discovery of IOCG-type mineralisation. The results obtained from the recent drilling have been very encouraging, with the discovery of significant mineralisation in hole 22MAR-13R where an intercept of 90 m averaging 0.94% Cu and 0.84 g/t Au has been reported from 50 m to 140 m down the hole. This has confirmed the presence of IOCG-style copper-gold sulfide mineralisation in the northern part of the Property. Hole 22MAR-13R was situated on a magnetic high which remains open towards the north and coincides with a NNW-SSE trending zone of high chargeability and high conductivity.

A secondary potential target is open on the southern part of the Property (Cototuda area), where copper oxide mineralisation has been investigated in the past.

According to the exploration work completed on the Property (by Torq and companies other than Torq) and considering the QP's inspection and verification sampling of the Margarita Property, the opinion of the QP is:

- The Property is located in a highly prospective area and in proximity to known deposits of IOA-IOCG and porphyry copper type. The Property represents a compelling exploration target with potential to host significant sulfide mineralization related to an IOCG system (particularly on the northern sector of the Property), but the presence of porphyry copper(-gold) style mineralization cannot be ruled out.
- Historical exploration of the Property has been focused on the southern part of the Property. However, information on historical drilling campaigns is very limited. The historical drilling data cannot be used to support mineral resource estimation and should be used only as reference information when planning future exploration work.
- The Margarita Property is subject to the same types of risks and uncertainties as other early stage precious and base metal exploration projects where there is insufficient information to estimate Mineral Resources and no certainty that continued exploration will allow this to be possible. The Company will attempt to reduce risk/uncertainty through effective project management, engaging technical experts, and developing contingency plans.
- Potential risk factors include unfavourable geological structures, changes in metal prices, increases in operating costs, fluctuations in labour costs and availability, availability of investment capital, infrastructure failures, changes in government regulations, community engagement and socio-economic community relations, permitting and legal challenges, and general environmental concerns.
- The geological understanding of the Margarita Property is consistent with an early-exploration stage project, and sufficient geological, geochemical and geophysical information is available to support continuation of the exploration for an IOCG and/or porphyry copper deposit.

### ***Recommendations***

Mr. Quiñones (QP) recommends that the Property be subjected to additional systematic exploration.

The main recommendations, chronologically, include:

- Review and update the surface geological and structural mapping, to incorporate the results obtained from the recent Torq drilling and the standardized geological codes used for logging of the RC samples.

- Extend the IP and Magnetic surveys to cover the two exploration concessions in the northern part of the Property.
- A statistical review of the multi-element results that have been obtained should be carried out in order to identify inter-element correlations and to identify any potential deleterious elements.
- Detailed petrography and geochronological dating program focused on defining the geological events that could be controlling the main copper sulfides mineralization should be completed.
- Re-surveying the collar coordinates and at least 10% of the trajectories of the historical drill holes located on Cototuda area.
- Complete a detailed topographic survey of the Property.
- Based on the previous results, design a follow up RC drill program on the sulphide mineralization encountered in drill hole 22MAR-013R of approximately 4,000 m to test the area of coincident magnetic and copper in soils anomalies. Following this a first strategic cored diamond drilling campaign totalling around 4,500 m, with two main targets: firstly an IOCG target in the northern sector, and as a second priority, a porphyry copper target in the southern sector of the Property (Cototuda area).
- Geological logging of the core obtained from the diamond drill holes should include geotechnical logging.
- Collection of specific gravity/density data should also be initiated early in the drilling campaign to support a possible future resource estimation.
- The continued application of strict QA/QC procedures is necessary for all future drilling programs.

The cost of the recommended staged exploration program is estimated at US\$5.8 million, with contingency fees included, and will take approximately one-year to complete.

### **Santa Cecilia Project, Atacama Region, Chile**

#### ***Property Description, Location and Access***

The Property is in the Atacama Region, Copiapó Province, and Tierra Amarilla Municipality of northern Chile and is located approximately 100 kilometres (km) to the east of the city of Copiapó, Chile. The Property consists of 14 mining concessions (Concessions) in the Maricunga Metallogenic Belt (MMB). The Concessions form a contiguous block the footprint of the Property is approximately 3,250 hectares.

From Santiago, the Property can be accessed by flying to Copiapó, followed by driving to Nantoco (80 km paved road) and onto the Project (135 km dirt road). Travel times are 1.5 hours by air from Santiago to Copiapó, and, taking approximately 4 hours from Copiapó to the Property.

#### ***Project Agreement and Titles***

The following is a summary description of this agreement only, and is qualified by the full agreement which is filed at [www.sedarplus.ca](http://www.sedarplus.ca). On October 21, 2021, Torq executed an option agreement with Compañía Minera Cerro Del Medio acquiring the right to earn a 100% interest in connection to fourteen exploitation concessions collectively referred to as the Santa Cecilia project.

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

	<b>Cash Payments (US\$)</b>
October 21, 2021 (paid C\$123,580)	\$ 100,000
October 21, 2022 (paid C\$409,470)	300,000
October 21, 2024	600,000
October 21, 2025	1,000,000
October 21, 2026	3,000,000
October 21, 2027	5,000,000

October 21, 2028	15,000,000
	<b>\$ 25,000,000</b>

Under the option agreement, the Company is also required to incur 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. The option agreement also includes the requirement to achieve 25,000m of drilling during the exploration campaign.

	<b>Work Expenditures Requirements (US\$)</b>
Within 12 months of obtaining permits	\$ 3,000,000
Within 24 months	4,500,000
Within 36 months	8,000,000
	<b>\$ 15,500,000</b>

The option agreement includes an NSR of 3%, one-half of which (1.5%) can be extinguished once the option is exercised for a price that will be based on the fair value of the royalty, as determined by mutual agreement between the parties or an expert.

During early October 2022, the Company paid the option cash payment due by October 21, 2022, and agreed with the optionor that the date of obtaining necessary permits for exploration had been achieved on October 21, 2022, and any exploration expenditure incurred prior to that date could be included in the work expenditure requirements for the period ended October 21, 2023. The Company has incurred just under US\$7,500,000 of eligible work expenditures up to December 31, 2023. The Company commenced surface work at the project in late 2022, a diamond drill program at the project in mid-March 2023 and completed a further 1,500m drill program. As of the date of this AIF the Company is current with its requirements under the Santa Cecilia option.

### ***Geology and Mineralization and Deposit Types***

The MMB is a north-south trending 200 km length unit related to Oligocene to late Miocene extinct andesite to dacite volcanoes and dome structures. Volcanic rocks of that period are generally limited to north-northeast trending grabens with Palaeozoic to Triassic basement rocks exposed in the intervening horsts. The volcanic activity initiated in the late Oligocene lasting to early Miocene, followed by a second pulse in the mid Miocene. These first two stages produced several strato-volcanoes and dome fields over the Maricunga belt. The MMB is recognised for hosting epithermal gold (Au) – silver (Ag) and porphyry copper (Cu) – Au – molybdenum (Mo) deposits related to Oligocene-Miocene volcanism. It has been estimated that the Maricunga Metallogenic Belt could host up to 90 million ounces of gold endowment (AME Roundup, 2017).

Three stratigraphic formations separated by unconformities have been recognized at the Santa Cecilia Property. Two Tertiary units are separated by an unconformity and dip 10° to 15° to the southwest. The Lower Paleocene unit has been folded and is separated from the younger rocks by a well-defined unconformity. Different types of intrusive rocks of porphyritic quartz diorite and microdiorite, and intrusive breccias are distinguished on the Santa Cecilia Property. Andesitic dykes and small felsic intrusive plugs are also present.

The Santa Cecilia Property includes six named prospects: Cerro del Medio, Vetas Condor, Las Pircas, Pircas Norte, Del Medio Sur, and Los Gemelos. Two preliminary domains of mineralization are observed at the Property: the Centre and Deeper Domain and the Marginal and Surface Domain. The Centre and Deeper Domain is considered a Cu-Au (and Mo) porphyry system and the Marginal and Surface Domain is considered an Au epithermal system.

### ***Historical Exploration***

Santa Cecilia is located in a highly prospective area and in close proximity to significant mineral resources, including the adjacent Caspiche and Cerro Casale deposits of Barrick Gold Corp and Newmont Mining Corp's Norte Abierto joint venture project (located within 10 km of St Cecilia; off-Property). Mr. Quiñones believes the Project represents a compelling exploration target with potential to host significant oxide gold mineralization transitioning into Au-Cu-Mo sulphide mineralization related to a multiphase porphyry system.

Colour anomalies related to hydrothermal alteration of volcanics in the area of the Property, drew the attention of mineral explorers in the early 1980s. Since then, the Property and surrounding areas, including the adjacent Caspiche and Cerro Casale deposits, have been the subject of systematic exploration.

In 2010, Exeter's successful drilling of the immediately adjacent Caspiche Property prompted the owners to undertake exploration of the Santa Cecilia Property. On the Santa Cecilia Property between 2010-2012 geochemical and geophysical exploration as well as drilling were successfully applied to define exploration targets typical of the MMB. This exploration was successful and identified in drill core the expressions of an underlying porphyry Cu-Au-(Mo) system located below the near surface oxide gold mineralization evidence centred around Cerro del Medio.

Historical exploration of the Property has been focused on the Cerro del Medio prospect which is an intrusive-volcanic complex where a significant area (10 km<sup>2</sup>) of hydrothermal alteration is recognised. The geological evidence interpreted from the Santa Cecilia project confirms the existence of a mixed hydrothermal deposit: Au epithermal and Cu-Au (Mo) porphyry. The interpretation for the presence of a mixed deposit formation in this area, is supported by the presence of several porphyry facies, at greater depth and temperature, with Au-Cu and Mo mineralization, overprinted by an epithermal, High Sulfidation (HS) gold bearing system. This is documented by the Minera Anglo American Corp. (Anglo American) geochemistry and drilling (1986-90), and geophysics, systematic Mobile Metal Ion (MMI) sampling, and drilling of two deep diamond holes by Cerro Grande Mining Corp (CDM; 2010-2012). One of these historical drill holes, CDM-12-003, has a 925.7 m intercept (core length), from 672 m to 1,597.7 m, with 0.21 Au grams per tonne (g/t), 0.27 Cu per cent (%) and 82 parts per million (ppm) Mo.

Ground magnetic surveys identified a zone of low magnetic gradient around the Cerro del Medio stock extending southeast towards the Las Pircas prospect; this likely reflects hydrothermal destruction of magnetite around Cerro del Medio, produced by the overprint of the original magnetite bearing potassic alteration by successive phyllic and advanced argillic alteration. Zones of low magnetic susceptibility around the stock likely reflect zones of advanced alteration at the flanks of the stock.

A low resistivity conductor anomaly has been interpreted from the Orion 3D and Controlled-Source Audio-frequency Magnetotellurics (CSAMT) data, approximately 300 m below the surface at Cerro del Medio. The conductor anomaly extends to depth for at least 1,200 m and remains open at depth. Magnetotelluric data also suggests a vertical feeder structure below Cerro del Medio. The conductor anomaly has been interpreted to represent a sulphide target, potentially related to an underlying porphyry system.

Historical drilling by Minera Anglo American Corp (Anglo American) and Cerro del Medio (CDM) at the Santa Cecilia Property totals 14,011.95 m over 47 drill holes, of which 33 holes (7,076 m) are Reverse Circulation (RC) drill holes, and 14 holes (6,935.95 m) are diamond drill holes (DDH). 32 holes targeted Cerro del Medio prospect, a further ten holes targeted the Vetas Condor prospect, and five holes targeted the Las Pircas prospect.

The sample preparation, analytical methods, and procedures employed during historical drilling programs are suitable for an early-stage exploration program targeting gold-copper mineralization.

The Company has been unable to locate documentation conforming the procedures relating to the handling and storage of historical drill core. Core from the most recent two-hole drill program (completed in 2012) are stored at a secure facility in La Serena, with the exception of core from drill hole CDM-012-003 from 1,738.8 m to 1,862 m. The 2012 drill core is stored in well-labelled and ordered boxes. The location of drill core and reverse circulatn drilling (RC) chips from previous drill campaigns is not known.

### ***Conclusions and Recommendations***

The historical work completed on the Property by companies other than Torq, along with the QP's inspection of the Santa Cecilia Property and verification of some elements of previous work as well as some current sampling, suggest that Santa Cecilia as a property of merit. To conclude, and in the opinion of the QPs:

- The Property is located in a highly prospective area and in proximity to significant mineral resources announced for nearby properties. The Property represents a compelling exploration target with potential to host significant oxide gold mineralization transitioning into Au-Cu-Mo sulphide mineralization related to a porphyry system.
- Historical exploration of the Property has been systematic and made use of recognised techniques. The geological understanding of the area is compatible with an early-exploration stage where available information has been sourced from surface sampling and mapping, tunnelling, and drilling.
- The geological evidence interpreted in the Santa Cecilia project confirms the existence of a mixed hydrothermal deposit: Au epithermal and Cu-Au (Mo) porphyry.
  - i. The geological and mineralogical characterizations of Santa Cecilia indicate potential for a Cu-Au (Mo) porphyry in the Cerro del Medio sector. Long intervals of high Cu-Au and Mo grades are consistent with visual geological observations of the mineralization and alteration.
  - ii. Mineral occurrences typical of epithermal high sulphidation deposit styles can be observed in the upper part of Cerro del Medio and its surroundings (including Vetas Condor sector).
- There is potential for further mineralization centres linked to Cu-Au porphyries at the Property where they have not been drilled.
- The mineralogical and geological observations at Santa Cecilia are consistent with the style of mineralization found in the area surrounding the licence (off-Property).

Mr. Quiñones recommends that systematic exploration be conducted on the Property, reflective of expenditure requirements of the option agreement between Torq and the vendors. This includes capture of up-to-date exploration geological information that allows an optimization of the Santa Cecilia geological model, with the goal of advancing towards a potential future maiden resource for Santa Cecilia. The recommendations include:

- Detailed geological re-logging of the CDM drill holes.
- Carrying out a campaign to measure the trajectories and collars of historical drill holes, particularly those of CDM.
- Complementary studies, such as microscopy of the different lithologies and alterations types, vein relationships, and spectrometry on CDM drill holes.
- Geological and structural surface mapping, as well as geological (re) mapping of historical drill core and mineralization characterizations to update the geological interpretations prior to any drill campaign.
- Detailed topographic survey.
- Based on the previous results, design a first strategic drilling campaign totalling around 9,000 m, with three main targets: Au HS epithermal target, Cu-Au-Mo porphyry target, and historical data validation. The drill program should consist of:
  - 4 deep drill holes totalling 7,000 m, focused in Cerro del Medio prospect. The target is the porphyry style deposit with significant grades (Au, Cu, Mo).
  - 5 drill holes totalling 2,000 m, focused east of Cerro del Medio (Pircas Norte and/or Pircas and/or Los Gemelos prospect). There are two goals for these drill holes:
    - a) targeting the Au HS epithermal structures and
    - b) validate the historical AA drill holes with at least 3 twin drill holes.

- A program of geotechnical logging should be considered, which includes historical and future core. Geotechnical inputs will be useful for future potential Mineral Resource Estimates.
- Collection of specific gravity/density data should also be initiated early in the drill history of the project.
- Interpret and build a geological model (3D) as a first step towards an eventual potential Mineral Resource Estimate.

A program of data verification and drilling has been recommended for the Property, this work is subject to permissions and permitting. The estimated time and cost to complete the recommended programs is 2 years and US \$8M, including contingency fees.

#### SECTION 6: NO DIVIDENDS

Torq has not paid dividends since its incorporation. While there are no restrictions precluding Torq from paying dividends other than insolvency laws, it has no source of cash flow and anticipates using all available cash resources toward its exploration activities.

#### SECTION 7: DESCRIPTION OF CAPITAL STRUCTURE

##### Authorized Capital

Torq's authorized share capital consists of an unlimited number of Common Shares without par value. The continuity of issued and outstanding Common Shares as of the date of this AIF is as follows:

##### Capital Structure

	As at December 31, 2023	As at the date of AIF
Common Shares issued outstanding	110,368,130	133,574,990
Warrants outstanding	20,351,383	44,643,057
Options outstanding	8,732,500	7,605,000
Fully diluted securities outstanding	139,452,013	185,823,047

##### Description of Common Shares

Common Shares are not subject to any future call or assessment and do not have any pre-emptive, conversion or redemption rights, and all have equal voting rights. There are no special rights or restrictions of any nature attached to any of the Common Shares, all of which rank equally as to all benefits which might accrue to the holders of the Common Shares. All holders of Common Shares are entitled to receive notice of any general meeting to be convened by Torq. At any general meeting of Torq, every shareholder has one vote for each Common Share of which he or she is the registered owner. Voting rights may be exercised in person or by proxy.

The holders of Common Shares are entitled to share pro rata in any: (i) dividends if, as and when declared by the Board, and (ii) such remaining assets of Torq after payment of creditors as are distributable to shareholders upon liquidation of Torq.

##### Principal Shareholders of Torq

As at the date of this AIF, no person or company beneficially owns, directly or indirectly, or exercises control or direction over Common Shares carrying more than 10% of the outstanding voting rights attached to the Common Shares except: (i) Gold Fields which owns 15.48% from the transaction described in Section 3: *General Development of the Business* (2022 & 2023) and (ii) the lender of the Credit Facility described in Item Section 3: *General*

*Development of the Business* (2022 & 2023) that holds common share purchase warrants which if exercised would take it over 9.9% however these warrants have a blocking provision at 9.9% meaning that the lender may only exercise them if the Company either increases its issued share so that when exercised the lender remains below 9.9% or else or the lender sells down a portion of its existing holdings so that after the exercise of any of the warrants the lender will still be below 9.9%.

## SECTION 8: MARKET FOR SECURITIES

### Trading Price and Volume

The Common Shares were listed on the TSX-V under the symbol “TORQ” and commenced trading on June 24, 1986. The Common Shares are also listed for trading on the OTCQX under the symbol “TRBMF”.

The table below presents the high and low sale prices and the aggregate volume of trading of the Common Shares on the TSX-V for the months indicated.

Month	High C\$	Low C\$	Volume (# of Common Shares)
January 2023	0.77	0.67	829,870
February 2023	0.72	0.58	544,245
March 2023	0.67	0.51	1,434,252
April 2023	0.58	0.48	1,602,675
May 2023	0.54	0.40	1,484,458
June 2023	0.49	0.39	562,687
July 2023	0.61	0.40	930,699
August 2023	0.58	0.35	858,776
September 2023	0.40	0.31	757,707
October 2023	0.35	0.27	1,141,335
November 2023	0.29	0.21	4,491,683
December 2023	0.27	0.20	2,018,458

### Prior Sales

#### Warrants and Options to Purchase Common Shares

The following table summarizes the issuances of share purchase warrants by the Company for the year ended December 31, 2023.

Issuance date	Expiry date	Number of share purchase warrants	Exercise price
March 10, 2023	March 10, 2026	5,216,949	\$0.80
March 10, 2023	March 10, 2025	601,034	\$0.60
December 5, 2023	July 11, 2025 <sup>(1)</sup>	7,500,000	\$0.35

Notes:

- (1) The Warrants are subject to accelerated expiry if the closing price of the Common Shares of the Company equals or exceeds C\$0.510 for 20 consecutive trading days on the TSXV any time after December 5, 2024. The warrants were issued to replace the 4,102,564 warrants that were cancelled in connection with the debt modification discussed in Section 3: *General Development of the Business - \$3.0 Million Loan Facility*.



The following table summarizes the issuances of share purchase options by the Company for the year ended December 31, 2023:

Issuance date	Expiry date	Number of share purchase options	Exercise price
January 19, 2023	January 19, 2028	5,405,000 <sup>(1)</sup>	\$0.73
February 7, 2023	February 7, 2028	45,000	\$0.62
March 3, 2023	March 3, 2028	100,000	\$0.60

Notes:

- (1) 722,500 options from the January 19, 2023 issuance have been forfeited and/or expired following termination of certain employment contracts.

## SECTION 9: SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

There are no securities of the Company currently held in escrow or subject to a pooling agreement. See Section 3: *General Development of the Business* (2022 to-Date) for information about contractual restrictions on transfer applicable to the 15 million shares issued to Gold Fields in September 2022.


## SECTION 10: DIRECTORS & EXECUTIVE OFFICERS


### Name, Residence, Position and Committee Membership

As of the date of this AIF, the name, province or state, and country of residence, position or office held with Torq, and principal occupation for the immediately preceding five years of each of the directors and executive officers, are summarized below. The term of office of each of the Company's directors expires at the Company's next annual general meeting of Torq shareholders at which directors are elected for the upcoming year or when their successor is duly elected, or earlier in accordance with the articles of the Company. The information as to principal occupation has been furnished by each director individually:


<p><b>SHAWN WALLACE</b></p>  <p>Chief Executive Officer (“CEO”), Chair and Director <i>British Columbia, Canada</i></p> <p>Director Since: May 20, 2011</p>	<p>Mr. Wallace serves as CEO, Chair and a Director of the Company. Mr. Wallace has been involved in all aspects of the mining industry, from mineral exploration and project management, to financing, mergers &amp; acquisitions and corporate development. Over the past 35 years, Mr. Wallace has been instrumental in building numerous high-quality mineral exploration, development and production companies, including co-founding Cayden Resources, which was acquired by Agnico Eagle Mines for \$205M. Mr. Wallace was also formerly the President, CEO and a Director of Fury Gold Mines Limited from May 2013 until October 2020, and the President and CEO of Tier One Silver Inc. from October 2020 until December 2020.</p>
	<b>Board Committee Membership</b>
	None
<b>Securities of the Company beneficially owned or controlled or directed</b>	


Common Shares (#) / percentage ownership	Options (#) / percentage ownership	Warrants (#) / percentage ownership
6,237,917 / 4.67%	1,000,000 / 13.15%	300,667 / 0.67%


<p><b>WALDO CUADRA CARDENAS</b></p>  <p>General Manager, Chile and Director <i>Santiago, Chile</i></p> <p>Director Since: March 26, 2024</p> <p>Officer Since: November 23, 2020</p>	<p>Mr. Cuadra serves as the General Manager, Chile and a Director of the Company. Mr. Cuadra brings over 40 years of experience both as a geologist and an executive within the mining industry. He has led multi-disciplinary teams in exploration, development, construction and production in Chile, Argentina and Peru. Mr. Cuadra has held senior management roles for Shell-Billiton, Noranda-Falconbridge, Placer Dome, Newgold and Goldcorp, focusing on projects from grassroots to feasibility stage. He also played a key role in the acquisition and discovery of the La Fortuna (El Morro) copper-gold deposit, which is now part of the Teck-Newmont joint venture, Nueva Union., and was also previously the President of Santiago Metals Ltda. from 2013 to August 2020.</p>						
	<p><b>Board Committee Membership</b></p> <p>Health, Safety, Environment &amp; Communities Committee Technical Committee <i>(both are management committees with Board participation)</i></p>						
<b>Securities of the Company beneficially owned or controlled or directed</b>							
<table border="1"> <thead> <tr> <th>Common Shares (#) / percentage ownership</th> <th>Options (#) / percentage ownership</th> <th>Warrants (#) / percentage ownership</th> </tr> </thead> <tbody> <tr> <td>155,556 / 0.12%</td> <td>700,000 / 9.20%</td> <td>N/A</td> </tr> </tbody> </table>	Common Shares (#) / percentage ownership	Options (#) / percentage ownership	Warrants (#) / percentage ownership	155,556 / 0.12%	700,000 / 9.20%	N/A	
Common Shares (#) / percentage ownership	Options (#) / percentage ownership	Warrants (#) / percentage ownership					
155,556 / 0.12%	700,000 / 9.20%	N/A					

<p><b>STEVE COOK</b></p>  <p>Lead Independent Director <i>British Columbia, Canada</i></p> <p>Director Since: August 12, 2011</p>	<p>Mr. Cook serves as the Lead Independent Director of the Company. Mr. Cook is a former tax partner at the law firm of Thorsteinssons LLP, in Vancouver. He received his B.Comm. and LL.B. degrees from the University of British Columbia and was called to the British Columbia Bar in 1982. Mr. Cook is a specialist in corporate and international tax planning, offshore structures, representation, and civil and criminal tax litigation. Mr. Cook current serves as a Director of Fury Gold Mines Limited and Tier One Silver Inc.</p>
	<p><b>Board Committee Membership</b></p> <p>Audit Committee Nomination, Governance and Compensation Committee (Chair)</p>
<b>Securities of the Company beneficially owned or controlled or directed</b>	

Common Shares (#) / percentage ownership	Options (#) / percentage ownership	Warrants (#) / percentage ownership
1,455,300 <sup>(1)</sup> / 1.09%	400,000 / 5.26%	350,650 <sup>(1)</sup> / 0.79%

<p><b>MICHAEL KOSOWAN</b></p>  <p>Director <i>Ontario, Canada</i></p> <p>Director Since: March 2, 2017</p>	<p>Mr. Kosowan serves as a Director of the Company. Mr. Kosowan is an industry expert with over 20 years of experience in the junior mining sector. Prior to joining the Company in 2017, he spent 17 years leading mining investment and financings in the USA and Canada through his work with Sprott Private Wealth and Sprott Global Resources Inc. Mr. Kosowan has also worked as a project Engineer for a number of top-tier Canadian mining companies such as Placer Dome, Falconbridge and Inco, and as an Exploration Manager for Atapa Minerals in Indonesia and Peru. He holds a Master's of Applied Science degree in addition to being a mining engineer (P.Eng.). Mr. Kosowan currently serves as a director of Eminent Gold Corp and TDG Gold Corp.. Mr. Kosowan was also previously CEO of the Company, from March 2017 until June 2022, and VP Capital Markets of the Company from June 2022 until June 2023.</p>	
	<p><b>Board Committee Membership</b></p>	
	<p>Audit Committee</p>	
<b>Securities of the Company beneficially owned or controlled or directed</b>		
<p><b>Common Shares (#) / percentage ownership</b></p>	<p><b>Options (#) / percentage ownership</b></p>	<p><b>Warrants (#) / percentage ownership</b></p>
6,695,000 / 5.01%	250,000 / 3.29%	468,434 / 1.05%

<p><b>ANA CAROLINA VARGAS</b></p>  <p>Director <i>Ontario, Canada</i></p> <p>Director Since: August 27, 2021</p>	<p>Ms. Vargas serves as a Director of the Company. Ms. Vargas is a top ranked research analyst and an investment banker with a strong background in the South American natural resource markets. She specializes in project assessment, valuations and strategic alliances. Currently, since 2012, she is a managing partner at Global Symmetry Group<sup>(2)</sup>, , and she formerly held roles with Clarus Securities, Westwind Partners, Manulife Finance and Export Development Canada. She was a Director of Toachi Mining (TSX-V: TIM) from 2016 until its merger with ATICO Mining (TSX-V: ATY) in 2019. Ms. Vargas earned her MBA from the Rotman School of Management at the University of Toronto and holds her BSc in Engineering from the University of Los Andes in Colombia.</p>	
	<p><b>Board Committee Membership</b></p>	
	<p>Audit Committee (Chair)</p>	
<b>Securities of the Company beneficially owned or controlled or directed</b>		
<p><b>Common Shares (#) / percentage ownership</b></p>	<p><b>Options (#) / percentage ownership</b></p>	<p><b>Warrants (#) / percentage ownership</b></p>
150,665 / 0.11%	300,000 / 3.94%	134,000 / 0.30%

<p><b>MARIE-HÉLÈNE TURGEON</b></p>  <p>Director <i>Coclé, Panama</i></p> <p>Director Since: November 24, 2021</p>	<p>Ms. Turgeon serves as a Director of the Company. Ms. Turgeon is an ESG advisor with 20 years of experience in environmental management, legal compliance and stakeholder engagement, and has extensive experience working in Latin America. She has been supporting mining companies designing sustainable projects, assessing, and managing environmental and social impacts, as well as obtaining and maintaining social licenses to operate. Her experience in Latin America includes the Cobre Panama copper mine and the Cerro Blanco Project in Guatemala. Prior to becoming an independent advisor, Ms. Turgeon spent 12 years in various environmental manager roles. As a long-standing Ontario Mining Association (“OMA”) member she has served as Chair of the OMA Environment Committee, and also as a Director on the board of Women in Mining Canada (WIMC). She holds a BSc in Geology from McGill University and a Masters of Environment from Sherbrooke University. Ms. Turgeon is also a Director of Coppernico Metals Inc.</p>	
<b>Board Committee Membership</b>		
<p>Nomination, Governance and Compensation Committee Health, Safety, Environment &amp; Communities Committee (Chair) <i>(management committee with Board participation)</i></p>		
<b>Securities of the Company beneficially owned or controlled or directed</b>		
<b>Common Shares (#) / percentage ownership</b>	<b>Options (#) / percentage ownership</b>	<b>Warrants (#) / percentage ownership</b>
41,666 / 0.03%	300,000 / 3.94%	20,833 / 0.05%

<p><b>OLIVER FOESTE</b></p> <p>Interim Chief Financial Officer (“CFO”)<sup>(3)</sup> <i>British Columbia, Canada</i></p> <p>Officer Since: January 1, 2024</p>	<p>Mr. Foeste, CPA, CA, brings almost two decades of financial reporting and executive experience across sectors including resource-based, construction, manufacturing, technology and real estate. As Founder and Managing Partner at Invictus Accounting<sup>(4)</sup>, Mr. Foeste oversees business advisory, financial and technical advisory, and practice management. He has assisted with CFO services, IFRS conversions, US GAAP reporting, outsourced controllership, income tax provisions, multi-jurisdiction consolidations, and financial and accounting solutions for large and small clients. Previously, Oliver held senior management and executive positions in multinational and small capitalization companies listed in Canada and the US. At Deloitte, where he led audit and assurance engagements for private and public companies, and at Walsh King Chartered Accountants, where he prepared tax returns and financial statements for private clients.</p>	
<b>Board Committee Membership</b>		
None		
<b>Securities of the Company beneficially owned or controlled or directed</b>		
<b>Common Shares (#) / percentage ownership</b>	<b>Options (#) / percentage ownership</b>	<b>Warrants (#) / percentage ownership</b>
N/A	N/A	N/A

All public company issuers referenced above in which insiders are serving or have served have publicly available information filed at [www.sedarplus.ca](http://www.sedarplus.ca). Information for private issuers is below:

- (1) Of these Securities, 1,006,300 Common Shares and 216,650 Warrants are held by SM Cook Legal services Law Corporation, a company over which Mr. Cook has control and direction.
- (2) Global Symmetry Group is a primary research platform for institutional investors.
- (3) Mr. Foeste previously held the role of Interim CFO of the Company from May 15, 2023 to September 15, 2023 to cover for the previous CFO, Elizabeth Senez, while on parental leave. Subsequently, Ms. Senez resigned from the Company effective December 31, 2023, and Mr. Foeste was re-appointed as Interim CFO by the Company's Board of Directors.
- (4) Invictus Accounting provides top-tier advisory, finance and accounting services to publicly listed and privately held companies.

### **Share Ownership by Directors and Executive Officers**

As at the date of this AIF, the directors and executive officers of the Company, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of 14,801,104 Common Shares, representing approximately 11.08%, of the issued and outstanding Common Shares.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

As at the date of this AIF, no current director or executive officer of Torq is, or within ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including Torq) that:

- (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of (i) and (ii) above, an order means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Other than as described below, no director or executive officer of Torq, or a shareholder holding a sufficient number of securities of Torq to affect materially control of Torq:

- (i) is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including Torq) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder; or
- (iii) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (iv) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

The foregoing, not being within the knowledge of Torq, has been furnished by the respective directors, executive officers and shareholders holding a sufficient number of securities of Torq to affect materially control of Torq.

## SECTION 11: CONFLICTS OF INTEREST

No directors or officers have any known conflicts of interest in connection with Torq. Several directors serve on the boards of other publicly traded junior mining companies which can lead to potential conflicts of interest in connection with the entitlement to mineral project opportunities which may come to their attention. In response to this risk, the Company and its shared services provider, UMS Canada, have established policies to avoid these situations and to comply with legal requirements of their fiduciary obligations and the requirements of the applicable corporate laws (*Business Corporations Act* (British Columbia)) should such potential conflict of interest situations arise.

## SECTION 12: RISK FACTORS

**An investment in securities of Torq involves a significant degree of risk and must be considered highly speculative due to the nature of the Company's business and the present stage of exploration and development of its mineral property interest. There are a number of risks that may have a material and adverse impact on the future operating and financial performance of Torq and could cause the Company's operating and financial performance to differ materially from the estimates described in forward-looking statements related to the Company.**

**The risks set out below are not the only risks facing the Company. There are widespread risks associated with any form of business and specific risks associated with Torq's business and its involvement in the copper exploration and development industry.**

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity or quality to return a profit from production.

### **The Company May Run out of Money**

Junior exploration companies require constant funding. There is no assurance that the Company will be able to continue to obtain funding on terms which do not involve heavy equity dilution or on any terms at all. If Torq is unable to secure funding it may be forced to relinquish existing property acquisition options and cease operations altogether. Torq's business is in the exploration stage and the Company does not carry out mining activities. As such, it does not generate revenue and will require additional financing to continue its operations. Torq's ability to secure additional financing and fund ongoing exploration will be affected by many factors, including the strength of the economy and other general economic factors. Global financial conditions continue to be subject to volatility arising from international geopolitical developments and global economic phenomenon, as well as general financial market turbulence. Access to public financing and credit can be negatively impacted by the effect of these events on Canadian and global credit markets. These instances of volatility and market turmoil could adversely impact Torq's operations and the trading price of the Common Shares. There can be no assurance that Torq will be able to obtain adequate financing in the future, or that the terms of such financing will be favourable for further exploration and development of its projects. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration, drilling and/or development. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources.

In order to finance future operations, Torq may raise funds through the issuance of additional Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. Torq cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the dilutive effect, if any, that future issuances and sales of Torq's securities will have on the market price of the Common Shares.

### **Exploration Activities May Not be Successful**

Exploration for, and development of, mineral properties involves significant financial risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling, to complete a feasibility study and to construct mining and processing facilities at a site for extracting gold or other metals from ore. Torq cannot ensure that its future exploration programs will result in profitable commercial mining operations.

Also, substantial expenses may be incurred on exploration projects that are subsequently abandoned due to poor exploration results or the inability to define reserves that can be mined economically. Development projects have no operating history upon which to base estimates of future cash flow. Estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis. There have been no feasibility studies conducted in order to derive estimates of capital and operating costs including, among others, anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the gold or copper from the ore, and anticipated environmental and regulatory compliance costs.

It is possible that actual costs and economic returns of future mining operations may differ materially from Torq's best estimates. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase and to require more capital than anticipated. These additional costs could have an adverse impact on Torq's future cash flows, earnings, results of operations and financial condition.

### **Exploration Stage Operations**

Torq's operations are subject to all of the risks normally incident to the exploration for and the development and operation of mineral properties. Torq has implemented safety and environmental measures designed to comply with or exceed government regulations and ensure safe, reliable and efficient operations in all phases of its operations. Torq maintains liability and property insurance, where reasonably available, in such amounts as it considers prudent. Torq may become subject to liability for hazards against which it cannot insure or which it may elect not to insure against because of high premium costs or other reasons.

The mineral exploration business is very speculative. All of the Company's properties are at an early stage of exploration. Mineral exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain adequate machinery, equipment and/or labour are some of the risks involved in mineral exploration activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the material processed and to develop the mining and processing facilities and infrastructure at any site chosen for mining. There can be no assurance that commercial or any quantities of ore will be discovered. There is also no assurance that even if commercial quantities of ore are discovered, that the properties will be brought into commercial production or that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of the above factors are beyond the control of the Company. There can be no assurance that the Company's mineral exploration activities will be successful. In the event that such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

Moreover, advancing any of the Company's exploration properties into a revenue generating property, will require the construction and operation of mines, processing plants and related infrastructure, the development of which includes various risks associated with establishing new mining operations, including:

- the timing and costs, which can be considerable, of the construction of mining and processing facilities;
- the availability and cost of skilled labour, mining equipment and principal supplies needed for operations;
- the availability and cost of appropriate smelting and refining arrangements;
- the need to maintain necessary environmental and other governmental approvals and permits;
- the availability of funds to finance construction and development activities;
- potential opposition from non-governmental organizations, environmental groups, local groups or other stakeholders which may delay or prevent development activities; and
- potential increases in construction and operating costs due to changes in the cost of labour, fuel, power, materials and supplies.

It is possible that actual costs and economic returns of future mining operations may differ materially from Torq's best estimates. It is not unusual for new mining operations to experience unexpected problems during the start-up phase and to require more capital than anticipated. These additional costs could have an adverse impact on Torq's future cash flows, earnings, results of operations and financial condition.

### **Commodity Price Fluctuations and Cycles**

Resource exploration is significantly linked to the outlook for commodities. When the price of commodities being explored declines investor interest subsides and capital markets become very difficult. The price of commodities varies on a daily basis and there is no proven methodology for determining future prices.

Price volatility could have dramatic effects on the results of operations and the ability of Torq to execute its business plan. The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. Fluctuations in supply and demand in various regions throughout the world are common. In recent years, mineral prices have fluctuated widely. Moreover, it is difficult to predict future mineral prices with any certainty. As Torq's business is in the exploration stage and as Torq does not carry on production activities, its ability to fund ongoing exploration is affected by the availability of financing which is, in turn, affected by the strength of the economy and other general economic factors. Torq's current projects are primarily exposed to copper and copper prices.

Copper and gold prices specifically are historically subject to wide fluctuation and are influenced by a number of factors beyond the control or influence of the Company. Some factors that affect the price of copper and gold include: global supply and demand, expectations with respect to the rate of inflation, the exchange rates of the U.S. dollar to other currencies, interest rates, forward selling by producers, central bank sales and purchases, production and cost levels in major producing regions, global and/or regional political, economic, social, environmental and/or financial situation and a number of other factors, including global trade disputes and disruptions to the processing and marketing chain. All of the above factors can, through their interaction, affect the price of copper and gold.

### **Additional Financing Required and Equity Dilution**

Torq plans to focus on exploring for minerals and will use its working capital to carry out such exploration. However, Torq will require additional funds to further such activities. To obtain such funds, Torq may sell additional securities including, but not limited to, Common Shares or some form of convertible security, the effect of which would result in a substantial dilution of the equity interests of Torq's shareholders.

There is no assurance that additional funding will be available to Torq for additional exploration or for the substantial capital that is typically required in order to bring a mineral project to the production decision or to place a property into commercial production. There can be no assurance that Torq will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result



in the delay or indefinite postponement of further exploration and development of its properties or ultimately the relinquishment of one or more of its property acquisition options.

### **Negative Cash Flow and No History of Earnings**

Torq has no history of operating earnings. The likelihood of success of Torq must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. Torq has limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that Torq will ultimately generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

As a result of the Company's business plans for the development of its mineral projects, Torq expects cash flow from operations to continue to be negative until Torq is able to establish the economic viability and the development of one of its mineral projects, of which there is no assurance. Accordingly, Torq's cash flow from operations will be negative for the foreseeable future as a result of expenses to be incurred in connection with advancement of exploration on its mineral projects.

### **Price Volatility of Publicly Traded Securities**

Securities markets for junior resource issuers typically experience a high level of price and volume volatility, including wide fluctuations in share prices which are not necessarily correlated to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. These factors are ultimately beyond the control of Torq and could have a material adverse effect on the Company's ability to raise funding as well as the wealth and liquidity of its shareholders. The Common Shares are listed on the TSXV and the OTCQB. The price of Common Shares is likely to be significantly affected by short-term changes in metal prices.

### **Property Financial and Legal Obligations**

Torq's Chilean mineral properties and/or interests require periodic option payments to the owners to keep the options current and are subject to various annual land payments, royalties and/or work obligations. Failure by Torq to meet the option payment schedule or otherwise fulfill its acquisition or exploration spending requirements and other obligations under these agreements could result in penalties or the loss or impairment of related mineral property interests.

### **Inflation**

While now moderating after rises in 2022 and 2023, monetary inflation can cause Torq's program cost estimates to rapidly become out-of-date. If this happens, the Company will need to either raise additional funds causing equity dilution or reduce its expenditures and reducing progress. Increases in inflation usually result in central bank interest rate hikes which can trigger negative capital market conditions, making financing difficult. While inflation increases have often led to higher precious and base metal prices, there can be no assurance of that and the Company's operations and its share price could well be adversely affected by increased inflation. Chilean inflation has dropped from 13% in 2022 and was at 6.3% in 2023.

### **Permits**

The Company requires licenses and permits from various governmental authorities to carry out exploration and develop its projects. Obtaining permits can be a complex and time-consuming process. There can be no assurance that the Company will be able to obtain the necessary licenses and permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with its current activities or future operations or projects. Any failure to comply with permits and applicable laws and regulations,

even if inadvertent, could result in the interruption or cease of the Company's activities or in material fines, penalties or other liabilities. In addition, the requirements applicable to retain existing permits and licenses may change or become more challenging over time and there is no guarantee that the Company will have the resources or expertise to meet its obligations under such licenses and permits.

### **Government Regulation**

The Company's activities are subject to various laws on exploration, prospecting, development, production, taxes, labor standards, occupational health, mine safety, waste disposal, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of the environment, historical and archaeological sites and endangered and protected species of plants and animals. Although the Company's activities are generally carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will be enacted or that existing rules and regulations will not be applied in a manner which could limit or restrain the Company's present and future activities, including exploration, development and production. Amendments to current laws and regulations governing the Company's activities or a more demanding implementation thereof could have a substantial adverse effect on the Company.

### **Environmental Risks**

The Company's activities are subject to extensive laws and regulations governing environmental protection and employee health and safety. These laws and regulations address many aspects of the exploration and development of mineral properties, including air and water quality, management of waste, the protection of different species of plant and animal life, the preservation of antiquities and lands and reclamation of lands disturbed by mining operations. Additionally, operators of mineral exploration and development projects may be required to carry out consultations or other similar processes with indigenous communities. These laws and regulations require the Company to acquire and maintain permits and other authorizations for certain activities. There can be no assurance that the Company will be able to acquire such necessary permits or authorizations on a timely basis, if at all. There are also laws and regulations prescribing reclamation activities on some mining properties. Environmental legislation in many countries, including Chile, is evolving and the trend has been toward stricter standards and enforcement, higher fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and greater responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. There can be no assurance that the Company has been or will be always in complete compliance with current and future environmental, health and safety laws and the status of permits will not significantly adversely affect the Company's business, results of future operations or financial condition. It is possible that future changes in these laws or regulations could have a serious adverse impact on some portion of the Company's business, causing the Company to re-evaluate those activities at that time. The Company's compliance with environmental laws and regulations also entails uncertain costs, material fluctuations of which could unfavorably affect the Company's financial condition. Exploration and mining operations involve a potential risk of release to soil, surface water and groundwater of metals, chemicals, fuels, liquids with acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. The Company may be liable for environmental contamination and natural resource damages relating to the properties that it currently owns or operates or at which environmental contamination occurred while or before it owned or operated the properties. (see also new Law on Economic and Environmental Crimes) below.

### **Foreign Political Risk**

The Company's two material properties are located in Chile and, as such, a substantial portion of the Company's business is exposed to various degrees of political and economic risk and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labor disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local,

environmental or other non-governmental organizations, government participation, royalties, duties, exchange rates, inflation, currency fluctuations, taxation and changes in laws, regulations or policies, as well as Canadian laws and policies that affect foreign trade, investment and taxation. Evolving Constitutional and Legislative Landscape in Chile On December 17th, 2023, the Chilean citizens rejected a draft Constitution proposed to replace the current text. This draft was the second draft rejected by voters in the last couple of years, the first draft having been rejected in a national referendum held in September 2022. The intent of passing a new Constitution was the result of a period of political and legislative uncertainty in Chile that began in late 2019 with public demonstrations demanding constitutional and social changes. Widescale public demonstrations have not occurred in Chile since the first Constitutional attempt to replace the current Constitution.

### **New Law on Economic and Environmental Crimes**

On August 17th, 2023, Law 21,595 on Economic and Environmental Crimes was enacted in Chile (the “Economic Crimes Law”). This law includes (i) systematization of economic crimes, (ii) creation of new offenses for which companies and individuals are liable, including a whole new category of environmental crimes and (iii) new penalties and an increase in the category of existing penalties applicable to legal entities. The new Economic Crimes Law categorizes various crimes and other causes of action included in Chilean regulations into four separate categories, with the purpose of establishing a special system for determining more severe penalties and sanctions for individuals involved in these crimes. The four categories can be summarized in offenses against the stock market and banking, which are by statute considered as economic crimes: crimes that will be considered as economic if they are committed in the exercise of an office, function or position within a company or when they result in a financial or other benefit for the company; offenses involving public officials and an individual acting as author or accomplice while in the exercise of an office, function or position within a company or when they result in a financial or other benefit for the company and embezzlement and money laundering offenses, when they are based on a crime considered to be economic. Notably, one of the most significant changes posed by the Economic Crimes Law is on corporate criminal liability, as it significantly broadens the list of crimes for which companies can be found liable. Companies can be liable for the various economic crimes and breaches included in the categories described above if the offense was perpetrated in the normal course of business by their officers, employees, directors or third parties that interact with the company, with the sole exemption of having an effective compliance program in place by the company. Regarding the environmental crimes addressed by the Economic Crimes Law, the new law adds a new title to the Criminal Code, namely "Offenses Against the Environment". There are six new environmental offenses, ranging from offenses that penalize specific conducts (e.g., omission of environmental impact assessment) or that protect certain ecosystems (e.g., extraction of water in 15 areas of temporary reduction or water scarcity) to offenses that penalize general violations against the environment, such as the crime of environmental pollution and the offense of negligent or imprudent pollution. Pursuant to the Economic Crimes Law, if a crime falls within the category of ‘economic’, a different regime of penalties shall apply. In addition to custodial sentences, economic crimes will entail fines and disqualifications from holding public or management positions (such as director or senior executive) and from contracting with the government as well as confiscation of the proceeds obtained from the crime.

### **Annual License Fee**

According to the Chilean Mining Code, mining concessions are subject to an annual license fee payment per hectare, whose amount may vary depending on the type of mining concession. In December 2023, the Chilean Congress approved a bill that modified Law No. 21,420, which amended the Mining Code as of January 1st, 2024, including, among others, an increase in the amounts of the annual license fee for both the exploration and the exploitation mining concessions. Uncertain Fiscal Policies Impacting Mining On August 10th, 2023, Law No. 21,591, also known as the Mining Royalty Law, was published in the Official Gazette of Chile, which eliminated the specific mining tax and established a new mining royalty tax. The new royalty tax comprises two main components: an ad valorem component which is only applicable to larger mining operations meeting certain annual sale thresholds and a tax levied on mining operating margins. The new law also established maximum tax burdens on mining businesses. While the recent changes to mining taxes and royalties in Chile have no immediately measurable impact on the Company’s business, they do highlight the ability of the government to introduce tax and royalty reforms which could materially affect the Company’s business interests in Chile. Other changes could be considered or proposed in the future, including but not limited to increases to mining or income taxes, new royalties, changes to value added taxes or increases or removal of

maximum tax limits for mining companies. Such changes in the future could affect the Company's business, financial condition and results of operations in Chile.

### **Relationships with Local Communities and Indigenous Organizations**

Negative relationships with Indigenous and local communities could result in opposition to Torq's projects. Such opposition could result in material delays in attaining key operating permits or make certain projects inaccessible to Torq's personnel. Torq respects and engages meaningfully with Indigenous and local communities at all of its operations. Torq is committed to working constructively with local communities, government agencies and Indigenous groups to ensure that exploration work is conducted in a culturally and environmentally sensitive manner. In September 2022, the Company was successful in executing a seven-year community agreement at the Santa Cecilia project to allow access for exploration activities.

Torq believes its operations can provide valuable benefits to surrounding communities, in terms of direct employment, training and skills development and other benefits associated with ongoing payment of taxes. In addition, Torq seeks to maintain its partnerships and relationships with local communities, including Indigenous peoples, and stakeholders in a variety of ways, including in-kind contributions, volunteer time, sponsorships and donations. Notwithstanding the Company's ongoing efforts, local communities and stakeholders could become dissatisfied with its activities or the level of benefits provided, which could result in civil unrest, protests, direct action or campaigns against it. Any such occurrence could materially and adversely affect the Company's business, financial condition or results of operations.

### **Climate Change**

Torq recognizes climate change as an international and community concern. The effects of climate change or extreme weather events may cause prolonged disruption to the delivery of essential commodities which could negatively affect production efficiency. Furthermore, increased regulation of greenhouse gas emissions (including in the form of carbon taxes or other charges) may adversely affect the Company's operations and related legislation is becoming more stringent.

### **Pandemics and Other Catastrophes**

COVID-19 has resulted in governments, public institutions and other organizations imposing or recommending, and businesses and individuals implementing, restrictions on various activities or other actions to combat its spread, such as travel restrictions and bans, social distancing, quarantine or shelter-in-place directives, limitations on the size of gatherings and closures of non-essential businesses. While these restrictions have largely abated, they have disrupted and may again disrupt economic activity, resulting in reduced commercial and consumer confidence and spending, increased unemployment, closure or restricted operating conditions for businesses, volatility in the global economy, instability in the credit and financial markets, labor shortages, regulatory recommendations to provide relief for impacted consumers, and disruption in supply chains. Other pandemics or other natural and man-made catastrophes may arise in the future with similar or worse affect.

### **Competitive Conditions**

Torq's activities are directed towards exploration, evaluation and development of mineral deposits. The mineral exploration industry is competitive and Torq will be required to compete for the acquisition of mineral permits, claims, leases and other mineral interests for operations, exploration and development projects. As a result of this competition Torq may not be able to acquire or retain prospective development projects, technical experts that can find, develop and mine such mineral properties and interests, workers to operate its mineral properties, and capital to finance exploration, development and future operations. The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral property interests, the recruitment and retention of qualified employees; and for investment capital with which to fund its projects. If Torq is unable to successfully compete in its industry it could have a material adverse effect on the Company's results of operations and financial condition.

### **Integrating and Managing Acquisitions**

Torq will evaluate from time-to-time opportunities to acquire and joint venture mining assets and businesses. These acquisitions and joint ventures may be significant in size, may change the scale of Torq's business and may expose it to new geographic, political, operating, financial and geological risks. Torq's success in its acquisition and joint venture activities will depend on its ability to identify suitable acquisition and joint venture candidates and partners, acquire or joint venture them on acceptable terms and integrate their operations successfully with those of Torq. Any acquisitions or joint ventures would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of Torq's ongoing business; the inability of management to maximize the financial and strategic position of Torq through the successful incorporation of acquired assets and businesses or joint ventures; additional expenses associated with amortization of acquired intangible assets; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; dilution of Torq's present shareholders or of its interests in its subsidiaries or assets as a result of the issuance of shares to pay for acquisitions or the decision to grant earning or other interests to a joint venture partner; and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that Torq would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions or joint ventures. There may be no right for shareholders to evaluate the merits or risks of any future acquisition or joint venture undertaken except as required by applicable laws and regulations.

### **Properties May be Subject to Defects in Title**

Torq has investigated its rights to explore and exploit its projects and, to the best of its knowledge, its rights are in good standing. However, no assurance can be given that such rights will not be revoked, or significantly altered, to Torq's detriment. There can also be no assurance that Torq's rights will not be challenged or impugned by third parties.

Some of Torq's mineral claims may overlap with other mineral claims owned by third parties which may be considered senior in title to the Torq mineral claims. The junior claim is only invalid in the areas where it overlaps a senior claim. Torq has not determined which, if any, of the Torq mineral claims is junior to a mineral claim held by a third party.

Although Torq is not aware of any existing title uncertainties with respect to any of its projects, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on Torq's future cash flows, earnings, results of operations and financial condition.

### **Reliance on Contractors and Experts**

To a large degree, Torq relies on the services, expertise and recommendations of its Chilean service providers. For example, the decision as to whether a property contains a commercial mineral deposit and should be brought into production depends in large part upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified third-party engineers and/or geologists. In addition, while Torq emphasizes the importance of conducting operations in a safe and sustainable manner, it cannot exert absolute control over the actions of these third parties when providing services to Torq or otherwise operating on Torq's properties. Any material error, omission, act of negligence or act resulting in environmental pollution, accidents or spills, industrial and transportation accidents, work stoppages or other actions could adversely affect the Company's operations and financial condition.

### **Legal and Litigation Risks**

All industries, including the exploration industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which Torq may become subject could have a material adverse effect on Torq's business, prospects, financial condition, and operating results. Defense and settlement of costs of legal claims can be substantial.

### **Emerging Market Issuer**

The Company actively operates in Chile, which is considered an emerging market. Emerging market investments generally pose a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments. The Company's operations in Chile expose it to heightened risks relating to prevailing political and socioeconomic conditions which have historically included, but are not limited to: high rates of inflation; military repression; social and labour unrest; violent crime; civil disturbance, war or civil war; possible total failure of the state; extreme fluctuations in currency exchange rates; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; underdeveloped industrial and economic infrastructure; unenforceability of contractual rights; restrictions on foreign exchange and repatriation; and changing political norms, currency controls and governmental regulations that favour or require the Company to award contracts in, employ citizens of, or purchase supplies from, a particular jurisdiction.

Regulators in Chile may have broad authority to shut down and/or levy fines against operations that do not comply with regulations or standards. In addition to factors such as those listed above, the Company's mineral exploration and potential future mining activities in Chile may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange controls, export controls, taxes, royalties, environmental legislation and mine safety.

Regardless of the economic viability of the Company's interest in the Company's properties, and despite being beyond the Company's control, such factors may prevent or restrict mining of some or all of any deposits which the Company may find on the Company's properties.

Government authorities in emerging market countries often have a high degree of discretion and at times appear to act selectively or arbitrarily, without hearing or prior notice, and sometimes in a manner that may not be in full accordance with the law or that may be influenced by political or commercial considerations. Unlawful, selective or arbitrary governmental actions could include denial or withdrawal of licenses, sudden and unexpected tax audits, forced liquidation, criminal prosecutions and civil actions. Although unlawful, selective or arbitrary government action may be challenged in court, such action, if directed at the Company or its shareholders, could have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

Companies operating in emerging markets are subject from time to time to the illegal activities of others, corruption, or claims of illegal activities. Often in these markets the bribery of officials remains common, relative to developed markets. Social instability caused by criminal activity and corruption could increase support for renewed central authority, nationalism or violence and thus materially adversely affect the Company's ability to conduct its business effectively. Such activities have not had a significant effect on the Company's operations; however, there can be no assurance that they will not in the future, in which case they could restrict the Company's operations, business, financial condition, results of operations and future prospects, and the value of the Company could be adversely affected by illegal activities by others, corruption or by claims, even if groundless, implicating the Company in illegal activities.

Investors in emerging markets should be aware that these markets are subject to greater risk than more developed markets, including in some cases significant legal, fiscal, economic and political risks. Accordingly, investors should exercise particular care in evaluating the risks involved in an investment in the Company and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging and developing markets is suitable only for sophisticated investors who fully appreciate the significance of the risks

### **Inadequate Insurance Risk**

Torq is subject to a number of operational risks and may not be adequately insured for certain risks, including: accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labour disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena such as inclement weather conditions, floods,

earthquakes, ground movements, cave-ins, and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the properties of Torq, personal injury or death, environmental damage or, regarding the exploration activities of Torq, increased costs, monetary losses and potential legal liability and adverse governmental action, all of which could have an adverse impact on Torq's future cash flows, earnings, results of operations and financial condition. The payment of any such liabilities would reduce the funds available to Torq. If Torq is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy. No assurance can be given that insurance to cover the risks to which Torq's activities are subject will be available at all or at commercially reasonable premiums. Torq is not currently covered by any form of environmental liability insurance, since insurance against environmental risks (including liability for pollution) or other hazards resulting from exploration activities is unavailable or prohibitively expensive. This lack of environmental liability insurance coverage could have an adverse impact on Torq's future cash flows, earnings, results of operations and financial condition.

### **Limited Business History and No History of Earnings**

Torq has no history of operating earnings. The likelihood of success of Torq must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of its business. Torq has limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that Torq will ultimately generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

### **Claims by Investors Outside of Canada**

Torq is incorporated under the laws of British Columbia and its head office is located in Vancouver, British Columbia. The majority of Torq's directors and officers, and some of the experts named herein, are residents of Canada or otherwise reside outside of the United States, and all of Torq's assets, are located outside of the United States. As a result, it may be difficult for investors in the United States or outside of Canada to bring an action against directors, officers or experts who are not resident in the United States. It may also be difficult for an investor to enforce a judgment obtained in a United States court or a court of another jurisdiction of residence predicated upon the civil liability provisions of United States federal securities laws or other laws of the United States or any state thereof or the equivalent laws of other jurisdictions outside of Canada against those persons or Torq.

### **Disclosure and Internal Controls**

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to Torq's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of reporting, including financial reporting and financial statement preparation.

While the Company has generally documented and tested its internal controls over financial reporting, it is not required to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act ("SOX") which requires an annual assessment by management and an independent assessment by the Company's independent auditors of the effectiveness of the Company's internal controls over financial reporting.

The Company may fail to achieve and maintain the adequacy of its internal controls over financial reporting as such standards are modified, supplemented, or amended from time to time, and the Company may not be able to ensure

that it can conclude on an ongoing basis that its internal controls over financial reporting are effective. The Company's failure to maintain effective internal controls over financial reporting could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm the Company's business and negatively impact the trading price of its common shares. No evaluation can provide complete assurance that the Company's internal control over financial reporting will detect or uncover all failures of persons within the Company to disclose material information otherwise required to be reported. The effectiveness of the Company's controls and procedures could also be limited by simple errors or faulty judgment. The challenges involved in implementing appropriate internal controls over financial reporting will likely increase with the Company's plans for ongoing development of its business and this will require that the Company continues to improve its internal controls over financial reporting.

### **Financial Costs and Other Requirements of Being a Public Company**

The Company must maintain the listing requirements of the TSX-V in order to list its securities on the TSX-V. The inability to maintain these listing requirements could adversely affect the results of the Company's operations or its financial condition. Furthermore, as a public company, the Company will be subject to the reporting requirements of Canadian securities regulators, the listing requirements of the TSX or any stock exchange on which its Common Shares are listed for trading and other applicable securities rules and regulations. Compliance with these rules and regulations may increase the Company's legal and financial compliance costs, may make some activities more difficult, time-consuming or costly and may increase the demand on the Company's systems and resources. Being a public company requires that the Company file continuous disclosure documents, including, among other things, annual and quarterly financial statements. Management's attention may be diverted from other business concerns, which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company may need to hire more employees in the future, which will increase its costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure create uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. The Company may invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If the Company's efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory authorities, legal proceedings may be initiated against the Company and its business may be harmed.

The Company's testing, or any subsequent testing by the Company's independent auditor, may reveal deficiencies in the Company's internal control over financial reporting that are deemed to be material weaknesses. The Company may incur substantial accounting expense and expend significant management efforts to comply with internal control over financial reporting requirements. Moreover, if the Company is not able to comply with these requirements in a timely manner or if the Company or the Company's independent auditor identifies deficiencies in the Company's internal control over financial reporting that are deemed to be material weaknesses, the market price of the Common Shares could decline, and the Company could be subject to sanctions or investigations by applicable securities regulatory authorities, which would require additional financial and management resources.

### **Cybersecurity Risks**

Information systems and other technologies, including those related to the Company's financial and operational management, and its technical and environmental data, are an integral part of the Company's business activities. Network and information systems related events, in both Canada and Chile, such as computer hacking, cyber-attacks, computer viruses, worms or other destructive or disruptive software, process breakdowns, denial of service attacks, or other malicious activities or any combination of the foregoing, or power outages, natural disasters, terrorist attacks or other similar events could result in damage to the Company's property, equipment and data. These events also could result in significant expenditures to repair or replace damaged property or information systems and/or to protect them from similar events in the future. Furthermore, any security breaches such as misappropriation, misuse, leakage, falsification, accidental release or loss of information contained in the Company's information technology seems



including personal and other data that could damage its reputation and require the Company to expend significant capital and other resources to remedy any such security breach. Insurance held by the Company may mitigate losses; however, in any such events or security breaches may not be sufficient to cover any consequent losses or otherwise adequately compensate the Company for any disruptions to its business that may result and the occurrence of any such events or security breaches could have a material adverse effect on the Company's operations and financial results. There can be no assurances that these events and/or security breaches will not occur in the future or not have an adverse effect on the Company's operations and financial results.

### **Social Media Risks**

As a result of social media and other web-based applications, companies today are at much greater risk of losing control over how they are perceived. Damage to Torq's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Although the Company places a great emphasis on protecting its image and reputation, it does not ultimately have direct control over how it is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community relations, decreased investor confidence and act as an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on the Company's business, financial condition or results of operations.

### **SECTION 13: LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no material legal proceedings to which Torq or a subsidiary is a party, nor is Torq aware that any such proceedings are contemplated.

There are currently no: (a) penalties or sanctions imposed against Torq by a court relating to securities legislation or by a securities regulatory authority; (b) other penalties or sanctions imposed by a court or regulatory body against Torq that would likely be considered important to a reasonable investor in making an investment decision in Torq; and (c) settlement agreements Torq entered into before a court relating to securities legislation or with a securities regulatory authority since Torq was incorporated.

### **SECTION 14: INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No director, executive officer, or shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any known associates or affiliates of such persons, has or has had any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or is reasonably expected to materially affect Torq. Three directors of the Company purchased an aggregate of 575,000 units in the January 2024 financing in the dollar amount of \$132,250.

### **SECTION 15: SHARED SERVICE PROVIDER AFFILIATE**

On April 1, 2022, the Company purchased a 25% share interest in a private shared services provider company, Universal Mineral Services Ltd. ("UMS Canada"), for nominal consideration. The other 75% of UMS Canada is equally owned by three other junior resource issuers who share premises and some administrative, geological, legal and accounting personnel on a cost recovery and secondment basis. UMS Canada was previously privately owned by two persons (Shawn Wallace and Ivan Bebek) who are or were insiders to one or more of the four participating companies. Messrs. The ownership interests in UMS Canada were acquired in 2021 by the four shared services participating companies referenced below for nominal \$1 consideration.

UMS Canada provides geological, financial, and transactional advisory services as well as administrative services to the Company on a substantially full-cost-recovery basis. Many of its employees are seconded to the four junior

resource issuers which share its services. These four are Fury Gold Mines Limited, Coppernico Metals Inc and Tier One Silver Inc. and the Company. The Company is of the view that having access to UMS Canada services 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 agreement has an indefinite term and can be terminated by 180 days' notice although responsibility for a share of the premises lease continues until a new sub-tenant can be found.

	<b>For the year ended December 31, 2023</b>	<b>For the year ended December 31, 2022</b>
<b>Total transactions for the year</b>	<b>\$ 2,049,514</b>	<b>\$ 1,443,139</b>

As at December 31, 2023, \$175,417 (December 31, 2022, \$161,900) was included in accounts payable and \$298,609 (December 31, 2022 - \$240,000) in prepaid expenses and deposits relating to transactions with UMS Canada.

#### **SECTION 16: TRANSFER AGENT AND REGISTRAR**

As of the date of this AIF, the registrar and transfer agent for the Company and for the Common Shares is Computershare Limited (Canada), located at 510 Burrard St., 3<sup>rd</sup> Floor, Vancouver, British Columbia, V6C 3B9.

#### **SECTION 17: MATERIAL CONTRACTS**

Securities legislation requires the public filing of contracts material to an issuer except those entered into ordinary course of business unless certain tests are met. The tests for filing include agreements to which any insider is a party (except employment contracts) and agreements on which the business of an issuer is substantially dependent. As of December 31, 2022, the agreements on which Torq's business is substantially dependent are the option agreements to purchase its two material mineral projects, the Santa Cecilia project and Margarita Project.

The following contracts are considered be material to Torq:

- (a) Loan and Credit Facility Agreement dated July 11, 2022, between Torq (as borrower) and 191010 Investments Limited (as lender) which involves a significant shareholder.
- (b) Investment Agreement dated September 15, 2022, between Torq (as investee) and Gold Fields Atacama Holdings Inc., a subsidiary of Gold Fields Limited, a public company registered in South Africa which created a 15.05% shareholder.
- (c) Margarita Option Agreement "Contrato de Opción unilateral de compra de concesiones mineras" between Minera Margarita SpA and Sociedad Legal Minera Margarita I uno de la Sierra Desiertito and other entities dated February 22, 2021, as amended, which relates to a material project.
- (d) Margarita Option Agreement "Contrato de Opción unilateral de compra de concesión minera" between Minera Margarita SpA and Sociedad Legal Minera Cototuda una de la Sierra del Desierto dated February 23, 2021, as amended.
- (e) Santa Cecilia Option Agreement "Contrato de Opción unilateral de compra de concesiones mineras" between Minera Santa SpA, and Compañía Minera Cerro Del Medio dated October 21, 2021.
- (f) Shared services agreement with UMS Canada described above under "Shared Services Provider Affiliate".

Copies of each of the material contracts described above were filed on SEDAR+ on November 16, 2022, except the Investment Agreement dated September 15, 2022 which was filed on September 20, 2022, and the Shared Services provider Agreement which is being filed on SEDAR+ concurrently herewith. Copies of all these agreements are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Material agreements have been redacted to delete personal information.

### SECTION 18: INTERESTS OF EXPERTS

The technical and scientific information included or incorporated by reference in this AIF has been included or incorporated by reference in reliance on the report, valuation, statement or opinion of the persons described below. The following persons, firms and companies are named as having prepared or certified a report, valuation, statement or opinion in this AIF, either directly or in a document incorporated by reference.

Name of QP Expert	Description of Report Referred to in this AIF
Cristian Quiñones MAusIMM CP (Geo) David Seers, MAusIMM CP (Geo)	2022 Santa Cecilia Technical Report
Cristian Quiñones MAusIMM CP (Geo)	2022 Margarita Technical Report
Bryan Atkinson, P Geol.	Overall Review of this AIF

None of Mr. Atkinson, Mr. Quiñones, nor Mr. Seers, nor any partner, associate or employee of either person, at the time Mr. Quiñones nor Mr. Seers prepared or certified a technical report, or Mr. Atkinson as of the date hereof, has received or will receive any or beneficial interest, direct or indirect, in any securities or other property of the Company, nor does any of the forgoing persons expect to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company. Mr. Quiñones, Mr. Seers and Mr. Atkinson have received, or will receive, customary cash consulting fees and expenses for the technical reports and review of this AIF

To the Company's knowledge, each of the foregoing QP Expert firms or its members beneficially owns, directly or indirectly, less than 1% of the issued and outstanding common shares of Torq.

In addition to the experts listed above, Deloitte LLP prepared an independent audit report dated April 17, 2024 in respect of the Company's audited consolidated financial statements for the years ended December 31, 2023 and 2022. Deloitte LLP has confirmed its partners and employees are fully independent of the Company.

### SECTION 19: ADDITIONAL INFORMATION

Further information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans is contained in the Company's information circular for its most recent annual meeting of holders of Common Shares. The current Charter of the Audit Committee, as amended and approved by the Board on March 23, 2023, may be viewed at <https://torqresources.com/corporate/corporate-governance/>, the Company's website.

Financial information is provided in the Company's most recent annual and interim consolidated financial statements and MD&A. A copy of such documents, and of this AIF, as well as additional information relating to the Company, is available on SEDAR+ under the Company's profile at [www.sedarplus.ca](http://www.sedarplus.ca). Copies may also be obtained at cost upon request from the Corporate Secretary of the Company. Additional information relating to the Company may be found on SEDAR+ under the Company's profile at [www.sedarplus.ca](http://www.sedarplus.ca).