TORQ RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2023
(Expressed in Canadian Dollars)

Dated: April 17, 2024

HIGHLIGHTS FOR THE YEAR ENDED DECEMBER 31, 2023 AND THE PERIOD UP TO APRIL 17, 2024

Operational highlights

- On February 13, 2024, Torq Resources Inc. ("Torq" or the "Company") announced the commencement of drilling 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 coming weeks.

- 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 0.87 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 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. 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.

Corporate highlights

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

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

- 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.

- 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.

- On March 10, 2023, the Company closed a private placement for gross proceeds of $6,260,339, consisting of 10,433,899 units of the Company at a price of $0.60 per unit. Each unit consisted of one Torq common share and one half of a share purchase warrant, two half-warrants being required to exercise and acquire a common share at $0.80 until March 10, 2026.

- On February 10, 2023, the Company announced that it had obtained a receipt for its final short form base shelf prospectus (the "Shelf Prospectus") filed with the securities commissions in each of the provinces and territories of Canada. The filing of this Shelf Prospectus provides the Company with financing flexibility; under the Shelf Prospectus, the Company may issue and sell up to $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.

DATE OF INFORMATION AND CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Management Discussion and Analysis ("MD&A") of Torq has been prepared by management to assist the reader in assessing material changes in the financial condition and results of operations of the Company as at December 31, 2023. Commentary is made on the results of the period under review. This MD&A should be read in conjunction with the consolidated financial statements of the Company and related notes thereto as at and for the years ended December 31, 2023 and 2022 ("Financial Statements"). All financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board, all dollar amounts presented are Canadian dollars, the presentation currency of the Company, unless otherwise stated. The functional currency of the Company and its subsidiaries is disclosed in the notes to the Financial Statements.

In this MD&A, the words "we", "us", or "our", collectively refer to Torq Resources Inc. and its subsidiaries. The first, second, third and fourth quarters of the Company's Fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The years ended December 31, 2023 and 2022 are referred to as "Fiscal 2023" and "Fiscal 2022", respectively.

United States readers should be aware that the Company uses mineral terminology based on the Canadian Institute of Mining and Metallurgy ("CIM"). CIM standards are not the same as those accepted by the US Securities Exchange Commission for US domestic mining company disclosure. Further details of these differences can be found in the Company's Annual Information Form filings.

The effective date of this MD&A is April 17, 2024 (the "MD&A Date").

Forward-looking statements and risk factors

Certain statements made in this MD&A contain forward-looking information within the meaning of applicable Canadian and United States securities laws ("forward-looking statements"). These forward-looking statements are presented for the purpose of assisting the Company's shareholders and prospective investors in understanding management's intentions and views regarding future outcomes and are inherently uncertain and should not be heavily relied upon. When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company, identify such forward-looking statements. Specific forward-looking statements in this MD&A may include, but are not limited to: the Company's ability to execute on its exploration and financing plans, the likelihood of discovering resources; the potential for access to and exploration of the Company's Margarita, Andrea or Santa Cecilia projects; permitting timelines; government regulation of mining operations; environmental and climate-related risks; the possible impairment of mining interests; any objectives, expectations, intentions, plans, results, levels of activity, goals or achievements; the timing and amount of estimated exploration expenditures and capital raises for the Company; the liquidity of the common shares in the capital of the Company and other events or conditions that may occur in the future; the Company's intention to grow its business and its operations; the Company's competitive position; changes to government regulation, in particular Chilean; and the impact of the COVID-19 pandemic on the Company's operations and the economy generally.

The forward-looking statements contained in this MD&A represent the Company's views as of the date hereof. The assumptions related to these plans, estimates, projections, beliefs and opinions may change without notice and in unanticipated ways. Many assumptions may prove to be incorrect, including the Company's budgeting plans, expected costs, assumptions regarding market conditions and other factors upon which the Company has based its expenditure and funding expectations; the Company's ability to obtain or renew the licenses and permits necessary for exploration; that operations and financial markets will not in the long term be adversely impacted by the COVID-19 pandemic; the Company's ability to complete and successfully integrate acquisitions; the possible effects of climate change, extreme weather events, water scarcity, and seismic events, and the effectiveness of strategies to deal with these issues; the Company's expectations regarding the future demand for, and supply and price of, precious and base metals; the Company's ability to recruit and retain qualified personnel; the Company's ability to comply with current and future environmental, safety and other regulatory requirements and to obtain and maintain required regulatory approvals.

Inherent in the forward-looking statements are known and unknown risks, uncertainties and other factors beyond the Company's ability to control or predict, that may cause the actual results, performance or achievements of the Company, or developments in the Company's business or in its industry, to adversely differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Some of the risks and other factors (some of which are beyond the Company's control) which could cause results to differ materially from those expressed in the forward-looking statements and information contained in this MD&A include, but are not limited to, fluctuations in the current and projected prices for gold, other precious and base metals and other commodities (such as natural gas, fuel oil and electricity) which are needed for exploration activities; risks and hazards associated with the business of mineral exploration (including environmental hazards, potential unintended releases of contaminants, industrial accidents, unusual or unexpected geological or structural formations, pressures, cave-ins and flooding); the speculative nature of mineral exploration and development; the estimation of mineral resources, the Company's ability to obtain funding, including the Company's ability to complete future equity financings; the current lack of any estimated mineralized deposit; environmental risks and remediation measures, including evolving environmental regulations and legislation; changes in laws and regulations impacting exploration activities; the Company's mineral properties being subject to prior unregistered agreements, transfers or claims and other defects in title; legal and litigation risks; statutory and regulatory compliance; insurance and uninsurable risks; the Company's limited business history and history of losses and negative cash flow, which will continue into the foreseeable future; our inability to pay dividends, volatility in the Company's share price, the continuation of our management team and our ability to secure the specialized skill and knowledge necessary to operate in the mining industry; availability of drilling equipment and other exploration equipment; timely receipt of appropriate exploration permits; relations with and claims by local communities and non-governmental organizations, including relations with and claims by indigenous populations; the requirements of being a public company, including maintaining the listing requirements TSX Venture Exchange ("TSX-V"); risks associated with the significant resources required to maintain regulatory compliance as a public company; the effectiveness of the Company's internal control over financial reporting; cybersecurity risks; risks relating to the Company's public perception; general business, economic, competitive, political and social uncertainties; and public health crises such as the COVID-19 pandemic. This is not an exhaustive list of the risks and other factors that may adversely affect any of the Company's forward-looking statements. Readers should refer to the risks discussed herein and in the Company's Annual Information Form for the year ended December 31, 2022, filed on March 27, 2023, and subsequent disclosure filings with the Canadian Securities Administrators, available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.torqresources.com. These documents are for information purposes only and not incorporated by reference in this MD&A.

DESCRIPTION OF THE BUSINESS

Torq is a junior mineral exploration company focused on the acquisition and exploration of mineral resource properties. The Company is incorporated under the Business Corporations Act (British Columbia) and is a reporting issuer in British Columbia, Alberta and Ontario. The Company is listed on the TSX-V, where its shares trade under the symbol TORQ.V and on the OTCQX where its shares trade under the US symbol TRBMF.

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

The information presented consists of the Financial Statements of the Company, and the following 100% beneficially owned subsidiaries:

Name of subsidiary	Country of incorporation	Percentage ownership	Functional currency	Principal activity
Torq Resources Chile SpA	Chile	100%	USD	Holding company
Minera Margarita SpA	Chile	100%	USD	Mineral exploration
Minera Andrea SpA	Chile	100%	USD	Mineral exploration
Minera Santa SpA	Chile	100%	USD	Mineral exploration
Torq Operaciones Chile SpA	Chile	100%	USD	Mineral exploration

In January 2023, Candelaria Minerals S.A.C., a dormant subsidiary of the Company, was dissolved.

Qualified persons and technical disclosures

Bryan Atkinson. P.Geol., is the qualified person as defined by National Instrument 43-101 with respect to the technical disclosures in this MD&A.

MINERAL PROPERTY INTERESTS

A summary of the Company's mineral property interests is as follows:

	Margarita Project	Andrea Project	Santa Cecilia Project	Total
	$	$	$	$
Balance, December 31, 2021	453,886	165,826	268,486	888,198
Additions	3,435	-	-	3,435
Option payments	477,841	170,937	409,470	1,058,248
Foreign currency translation	35,977	21,000	5,510	62,487
Balance, December 31, 2022	971,139	357,763	683,466	2,012,368
Option payments	748,460	81,204	-	829,664
Foreign currency translation	(37,559)	(9,480)	(12,720)	(59,759)
Balance, December 31, 2023	**1,682,040**	**429,487**	**670,746**	**2,782,273**

Margarita Project

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

Pursuant to the execution of the Margarita project option agreement, the Company incurred finders' fees requiring the issuance of 466,667 common shares of the Company in separate tranches as follows: 81,250 shares were issued on April 7, 2021; 141,667 shares were issued on March 31, 2022; and the final 243,750 shares were issued on March 31, 2023.

<u>Margarita claims</u>

Under the option agreement, the Company may acquire a 100% interest in the Margarita claims by making cash payments totaling US$6,200,000 over 66 months. To maintain the option, the Company is also required to incur work expenditures totaling US$3,050,000 within 30 months of the signing date of the definitive agreement (February 22, 2021), which have been fully incurred as at December 31, 2023.

The summary of the Company's total required cash payments and work expenditures under the option agreement is as follows:

	Cash payments	**Work expenditures requirement**
	US$	US$
April 20, 2021 (paid $62,445)	50,000	-
August 22, 2021 (paid $64,280 and work requirements met)	50,000	400,000
August 22, 2022 (paid $155,013 and work requirements met)	100,000	1,150,000
August 18, 2023 (paid $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	-
	6,200,000	**3,050,000**

La Cototuda Claim

Under 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:

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

Two legal claims arose in 2022 regarding the mineral exploration rights over a non-material section (approximately 10 m wide) at the edge of the Margarita southern property. While the outcome of these legal claims is uncertain, management, after review with legal counsel, believes the claims have no merit. As of December 31, 2023, the issuance of the final court decision is pending.

Exploration activities

A summary of the Company's Margarita project exploration and evaluation expenses for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
	$	$
Drilling	**831,722**	1,383,575
Environmental, permitting and concessions	**228,129**	39,414
Equipment, vehicles, rent and field supplies	**14,346**	69,455
Geological consulting, salaries and wages	**1,339,141**	1,346,334
Geophysics, sampling and assays	**316,898**	564,633
Project support	**885,060**	780,668
Share-based compensation	**322,666**	89,562
Travel, meals and accommodation	**331,713**	305,212
	4,269,675	4,578,853

During the year ended December 31, 2023, the Company drilled two new discoveries, which included 42 m of 1.1 g/t gold and 0.48% copper in sulphide mineralization on a structure parallel to Falla 13, and 132 m of 0.48% copper in oxide mineralization on the southern portion of the project at the Cototuda target. This was following the completion of a multi-element soil geochemistry survey that identified multiple new targets and structures, which were the focus for the phase III RC drill program that began on August 17, 2023.

New Targets

Several geochemical targets were identified proximal to the Falla 13 discovery on the Margarita project, which included intercepts of 90 m of 0.94% copper and 0.84 g/t gold (22MAR-013R) and 98 m of 0.68% copper and 0.94 g/t gold (22MAR-014R) within a defined 800 m long mineralized body. The results of the phase II drill program demonstrated that the mineralized system is open along strike to the north-northwest, with the most northerly drill hole, 22MAR-022R, intersecting 48 m of 0.37 g/t gold and 0.26% copper (including 20 m of 0.47 g/t gold and 0.35% copper). Gold geochemistry results have supported the potential to expand mineralization along strike to the north-northwest by 500 m, with gold values in soils observed to the north being comparable to those observed over the Falla 13 discovery.

The Company believes there is the potential for flat lying Manto-style mineralization immediately to the west of the Falla 13 discovery area, where drilling and mapping have defined a mineralized permeable contact horizon between the volcanics and intrusives, located at a depth of approximately 100 m. In this case, the sub-vertical Falla 13 structure acts as a feeder where ascending mineralized hydrothermal fluids can flow laterally along the permeable contact between the volcanics and intrusives, demonstrating the potential to extend the known mineralization considerably. In addition, a second parallel structure has been recognized 300 m to the east of Falla 13 structural corridor. Gold geochemistry results from the parallel structure are consistent with results observed along the Falla 13 discovery and provide a 500 m long north-northwest oriented target that is undrilled. Finally, the west-northwest structures that link the two parallel structures are all deemed to be targets, with drill hole 22MAR-023 intersecting 130 m of 0.36 g/t gold and 0.28% copper (including 30 m of 1.02 g/t gold and 0.57% copper) across one of the west-northwest oriented structures.

The gold geochemistry results also delineated five target areas that had not been previously drill tested. This included three of the five targets, namely: the Remolino; Margarita North; and Cototuda targets, which were all focuses of the phase III drill program. The additional two targets are prominent gold-in-soil anomalies that are located in the northern third of the project, within areas of generally poor outcrop exposure, and are currently considered early-stage. The Company plans to conduct additional mapping in order to advance these targets to drill stage.

Phase III Drill Program

On October 18, 2023, the Company announced the first set of results from its phase III drill program, which consisted of 14 drill holes over 3,862 m, and which also successfully accomplished the Company's main objectives of: 1) expanding on the original Falla 13 discovery area and 2) discovering a new mineralized body to demonstrate the scale and potential of the mineralized system that encompasses the Margarita project.

The phase III drill program 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 and in addition, a new zone of copper oxide mineralization was 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.

The Company is currently planning a set of follow-up drill holes to explore along the north-northwest trending structure, as well as to test for adjacent flat-lying manto-style mineralization both to the east and west of drill hole 23MAR-031R.

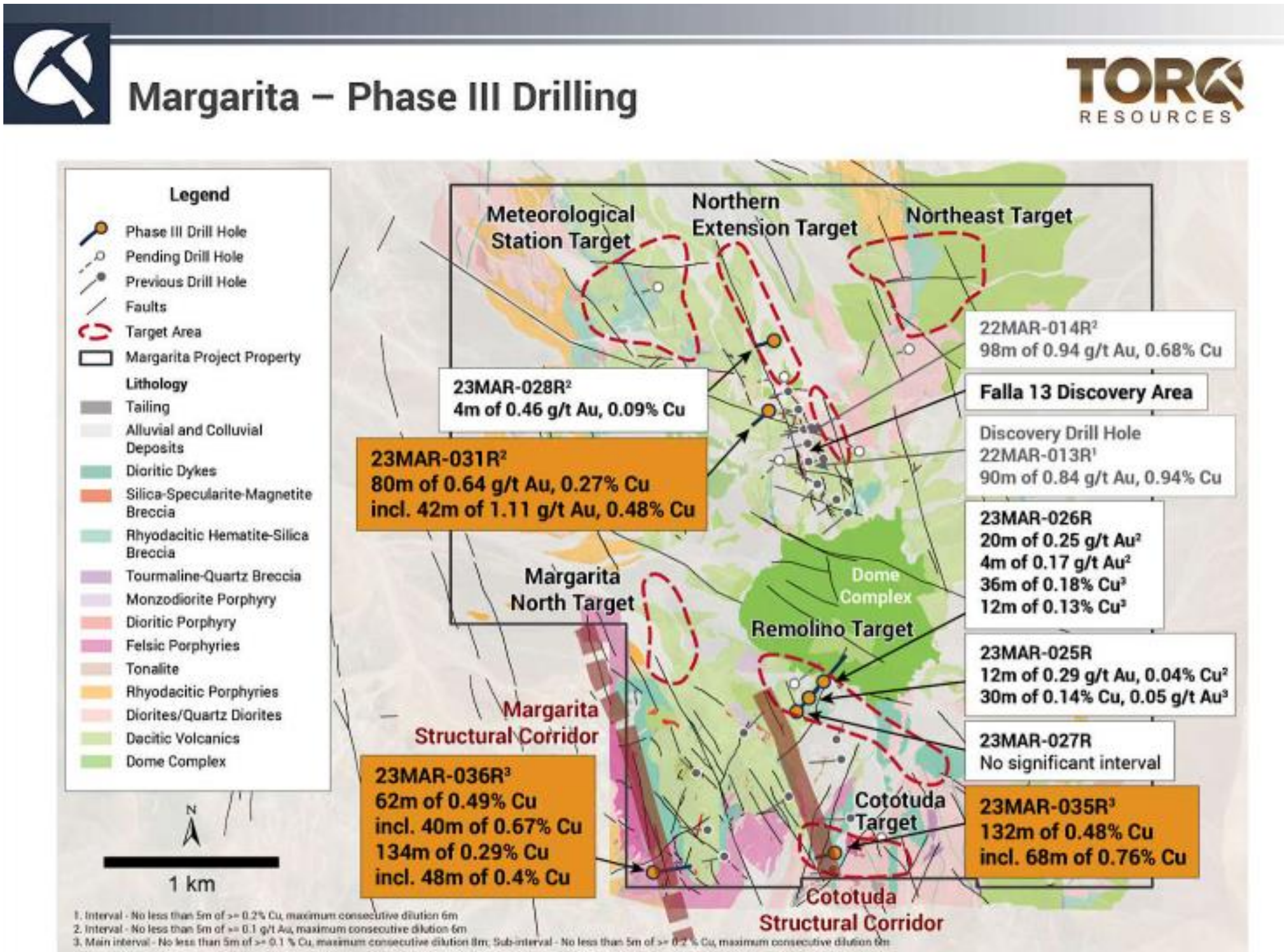

Figure 1: illustrates the position of the discovery holes, 23MAR-031R and 23MAR-035R, at the Falla 13 and Cototuda target areas, respectively, as well as the significant copper oxide mineralization encountered in drill hole 23MAR-036R at the Margarita structural corridor.

Margarita RC Drilling - sample methodology

Analytical samples were taken using 1/8 of each 2 m interval material (chips) and sent to ALS Lab in Copiapo, Chile for preparation and then to ALS Labs in Santiago, Chile and Lima, Peru for analysis. Preparation included crashing core sample to 90% < 2mm and pulverizing 1,000 g of crushed material to better than 85% < 75 microns. All samples are assayed using 50 g nominal weight fire assay with AAS finish (Au-AA24), multi-element four acid digest ICP-AES/ICP-MS method (ME-MS61), and copper sulphuric acid leach with AAS finish (Cu-AA05). Where MS61 results were greater or near 10,000 ppm copper the assays were repeated with ore grade four acid digest method (Cu-OG62). QA/QC programs for 2023 RC drilling samples using internal standard samples, field and lab duplicates, standards and blanks indicate good accuracy and precision in a large majority of standards assayed.

True widths of mineralization are unknown based on current geometric understanding of the mineralized intervals.

Canadian mineral terminology and standards differ from those of other countries. The Company's public disclosure filings highlight some of these differences.

Margarita Soil Sampling

Approximately 1-3 kg of soil material was collected on a 100 m x 100 m grid and sent to ALS Lab in Copiapo, Chile or La Serena, Chile for preparation and then to Santiago, Chile and Lima, Peru for analysis. All samples are assayed using 30 g nominal weight fire assay with AAS finish (Au-AA23) and multi-element super trace four acid digest ICP-AES/ICP-MS method (ME-MS61L). QA/QC programs for 2022-2023 soil samples using internal standard samples and duplicates, lab duplicates, standards and blanks indicate good accuracy and precision in a large majority of standards assayed.

Andrea Project

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

Exploration activities

A summary of the Company's Andrea project exploration and evaluation expenses for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
	$	$
Environmental, permitting and concessions	**18,162**	22,841
Equipment, vehicles, rent and field supplies	**174**	2,813
Geological consulting, salaries and wages	**35,495**	276,193
Geophysics, sampling and assays	**-**	8,570
Project support	**53,069**	83,392
Share-based compensation	**17,852**	17,992
Travel, meals and accommodation	**19,966**	21,679
	144,718	433,480

During the year ended December 31, 2023, the Company continued to refine its targets based on geochemical sampling, previous geophysical surveys and comprehensive mapping at the Andrea project. The integration of these data sets has resulted in a set of defined targets for the Company to drill test.

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 Santa Cecilia projects, where the latter is currently wrapping up its second exploration focused drill program. As a result, the Company will impair all previously capitalized costs related to the project and recognize an impairment charge of $429,487 for the period ended March 31, 2024.

Santa Cecilia Project

On October 21, 2021, the Company announced that it had acquired an option to earn a 100% interest in the 3,250-hectare Santa Cecilia gold-copper project, (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 immediately north of the El Indio belt.

In order to maintain the Santa Cecilia Project option agreement, the Company needs to make option payments up to October 21, 2028. The Company has made on-time all the required option payments totaling US$400,000 to the date.

The summary of total required cash payments and work expenditures under the option agreement is as follows:

	Cash payments	**Work expenditures requirement**
	US$	US$
October 21, 2021 (paid $123,580)	100,000	-
October 21, 2022 (paid $409,470)	300,000	-
October 21, 2023 (work expenditures requirement met)	-	3,000,000
October 21, 2024	600,000	4,500,000
October 21, 2025	1,000,000	8,000,000
October 21, 2026	3,000,000	-
October 21, 2027	5,000,000	-
October 21, 2028	15,000,000	-
	25,000,000	**15,500,000**

The Company needs to complete total staged work expenditures of US$15,500,000 over the period up to October 20, 2028, as well as complete 25,000m of drilling which is a pre-requisite to exercising the option to earn 100% interest in the project. The first work expenditure requirement by October 20, 2023, is US$3,000,000; as at December 31, 2023, the Company had incurred just under US$7,500,000 of eligible work expenditures and drilled 2,059 m.

Exploration activities

A summary of the Company's exploration and evaluation expenses, which are not all eligible work expenditures under the Santa Cecilia option agreement, are as follows:

Santa Cecilia Project	2023	2022
	$	$
Community relations	**287,340**	297,110
Drilling	**1,867,796**	31,427
Environmental, permitting and concessions	**496,282**	70,661
Equipment, vehicles, rent and field supplies	**70,571**	43,910
Geological consulting, salaries and wages	**2,568,601**	1,070,380
Geophysics, sampling and assays	**525,533**	137,712
Project support	**1,621,896**	391,196
Share-based compensation	**430,894**	28,277
Travel, meals and accommodation	**1,009,939**	159,106
	8,878,852	2,229,779

During the year ended December 31, 2023, the Company completed its inaugural drill program at Santa Cecilia, the first comprehensive drilling on the project in over 30 years. It intercepted 557 m of 0.38 g/t gold, 0.23% copper and 56 ppm molybdenum in wall rock at a depth of 442 m – 999 m. This intercept bottomed in grade and represented an 81% increase in the gold grade from historical drilling, indicating that Torq may be vectoring toward the higher-grade causative intrusion. The Company also identified a number of undrilled porphyry targets with copper mineralization on surface within 1km – 2km of the Norte Abierto project, owned jointly by Newmont and Barrick, creating a pipeline of additional targets.

On February 13, 2024, the Company announced it had commenced drilling at Santa Cecilia on one of these undrilled porphyry targets, Pircas Norte, which also has a defined geochemical anomaly below surface. Approximately 1,500 m of drilling was completed on three drill holes, the results are expected in the coming weeks.

Identification of Copper Porphyry Targets

During the year ended December 31, 2023, the Company completed a 1:5000 scale geological mapping program across the project area. The results of the soil survey are based on a total of 1,880 soil samples that were collected on a 70 m by 70 m grid across the Santa Cecilia hydrothermal system and identified seven distinct porphyry targets. Significant results of gold-copper-moybdenum anomalies that are interpreted to be directly associated with porphyry mineralization were identified at both the Pircas Norte and Gemelos Norte targets in areas of extensive colluvium in the eastern area of the property and had dimensions of 750 m by 700 m and 700 m by 700 m respectively. In addition, a third target area was identified late in the field season at Filo Gemelos where an area of elevated gold and molybdenum values over an area of 450 m by 300 m.

The results from initial rock sampling programs consisted of 196 samples from the Pircas Norte and Gemelos Norte targets from the eastern region of Santa Cecilia identified mineralized porphyry bodies on surface and positively corroborated the soil geochemistry results, building confidence in the target areas that will be prioritized for future drilling. 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 and at the Gemelos Norte targets. Rock sampling targeting porphyry style veining included gold grades of 0.13 g/t to 1.49 g/t within dioritic and dacitic porphyry bodies, respectively. 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. At Filo Gemelos initial rock samples of banded quartz veinlets had gold grades of up to 0.11 g/t and 0.26 g/t.

Inaugural Drill Program

During the third quarter of 2023, the Company announced drill results from its first two drill holes at Santa Cecilia, which were located at the Cerro del Medio target, where a 2012 historical drill hole (CDM-12-003) intersected 925.7 m of 0.21 g/t gold, 0.27% copper and 82 ppm molybdenum within wall rock. The purpose of Torq's two drill holes was to identify higher grade mineralization and to potentially find a causative intrusion responsible for the mineralization observed in CDM-12-003. The results from the Company's drill holes, 23SC-DDH-001 and 23SC-DDH-002, included 476.3 m of 0.23 g/t gold, 0.22% copper and 93 ppm molybdenum at a depth of 584 m - 1,060.3 m and 557 m of 0.38 g/t gold, 0.23% copper and 56 parts ppm molybdenum at a depth of 442 m - 999 m, respectively.

Drill hole 23SC-DDH-002 was drilled to cross a prominent northeast trending structural corridor, zones of local stockwork veining and an associated gold-in-soils geochemical anomaly. It bottomed in mineralization and successfully extended the porphyry-style mineralization in wall rock by 170 m southeast and 500 m vertically, upward from the 2012 historical intercept, CDM-12-003. The intercept accomplished two goals for the Company; a significant increase in grade and confirmation of porphyry style mineralization at higher elevations that remain open upward, downward and laterally. Importantly, the increased grade observed within wall rock mineralization provides a clear vector toward the south and east and suggests the existence of a potentially higher-grade causative intrusion that has not yet been found.

Drill hole 23SC-DDH-001 was drilled to cross a prominent northeast trending structural corridor, zones of local stockwork veining and an associated gold-in-soils geochemical anomaly. It bottomed in mineralization and successfully extended the porphyry-style mineralization in wall rock 300 m east from the 2012 historical intercept, CDM-12-003. The porphyry mineralization is primarily hosted in potassically altered andesitic and sandstone basement units. No causative intrusion was encountered in this drill hole, although three phases of porphyry dykes were intercepted, demonstrating a multi-phase porphyry system.

Early 2024 Drill Program

Torq recently completed a drill program at Santa Cecilia that was focused primarily on the eastern region of the project, at the Pircas Norte and Gemelos Norte targets, which are situated approximately 1.5 km to the west of Norte Abierto's Caspiche deposit. The Pircas Norte target is characterized by outcropping copper porphyry mineralization and an overlapping gold, copper and molybdenum soil anomaly on surface that is approximately 600 m by 600 m with selective rock samples within a dioritic porphyry ranging between 0.3 – 0.83 g/t gold. Subsurface, the Pircas Norte target is associated with a strong magnetic response, low conductivity values, and moderate chargeability values. The magnetic anomaly and low conductivity values are interpreted to be associated with the diorite porphyry body and associated potassic alteration that is viewed on surface. Finally, the moderate chargeability values at Pircas Norte are interpreted to be the centre of a gold – copper mineralized system that is flanked by high chargeability areas which may represent a pyrite halo to the main porphyry body.

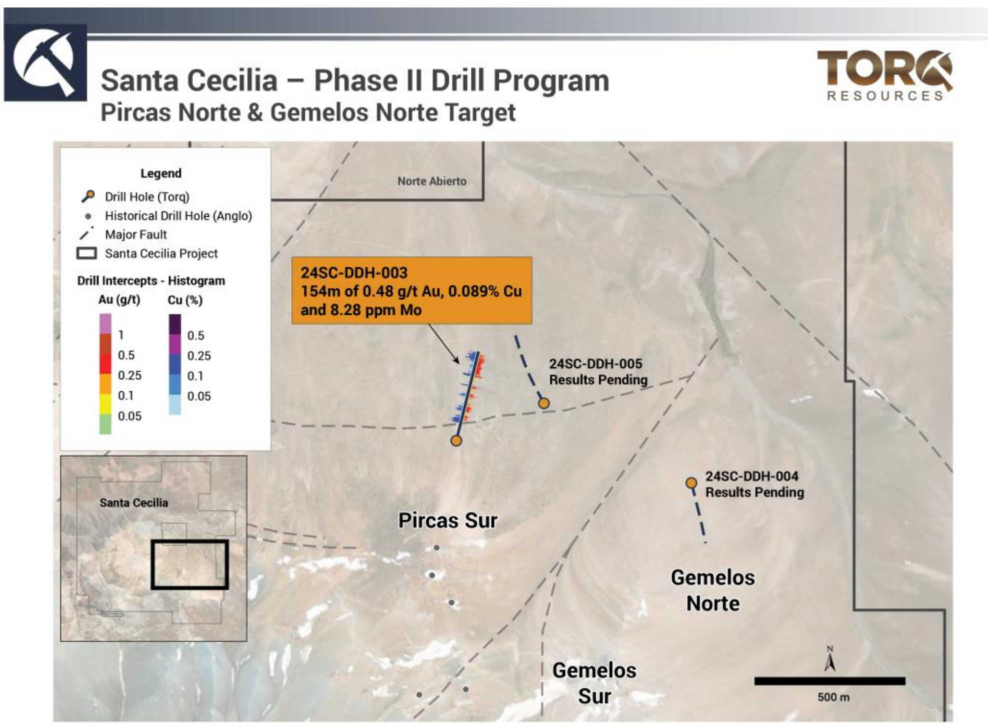

Figure 2.- illustrates the holes recently drilled . At the moment assay results from hole 24SC-DDH-003 are available. The rest, for holes 24SC-DDH-005 (Pircas Norte) and 24SC-DDH-004 (Gemelos Norte) are expected to be received in the coming weeks.

The main exploration target of Gemelos Norte is exposed in the new access road in the Eastern flank of the main hill. It consists of a quartz banded veinlet (BQV) zone that extends about 150 m along the new road. The BQV system, hosted by rhyodacite dome, are represented by sheeted veinlets or locally stockworks of very fine veinlets (0.2 – 0.5 mm width) and thin veinlets (<2 mm Width), that exhibits a subparallel arrangement, and locally multidirectional. The veinlets show orientation's NNE, NE and EW.

Climate related risks

The Company recognizes the impact of climate change on weather patterns in its recently acquired projects. The Company's projects are all located in northern Chile, but in different geographical and altitude conditions. For this reason, local conditions vary, and specific care and protocols must be applied accordingly. It is also evident that there have been climatic changes that affect the entire national territory, including persistent drought and a change of climate for the seasons that were clearly defined more than a decade ago. This has produced two fundamental effects: less water resources in rivers, lakes and lagoons, and changing consequences of rain events in desert lands, producing mud currents, which in recent years have had a significant impact on some rivers in the northern part of the country.

At Margarita, due to its position and relatively low altitude, no major climate-related challenges are being experienced or expected imminently. There is a general decrease in water availability and a risk of mud currents in the lower sectors, especially those related to smaller courses such as the Salado River (60 kilometre ("km") north of Inca de Oro or the Copiapo River (100 km to the south of the project). However, it is possible to access the property and work effectively throughout the year.

At Santa Cecilia, the Company was able to carry out field activities including the inaugural drill campaign at Santa Cecilia up until the winter season commenced in early June.

The Company is taking extensive measures to prioritize safe access to the two projects for all personnel working in each area. The field experience of the local teams and the knowledge of neighboring projects play a fundamental role in this care, and in the proactive management of the risks associated with working in remote exploration areas, particularly for the Santa Cecilia project, with the access limitations and closing for the winter seasons due to their weather conditions.

SELECTED ANNUAL INFORMATION

	Fiscal 2023	Fiscal 2022	Fiscal 2021
	$	$	$
Mineral property interests	**2,782,273**	2,012,368	888,198
Operating expenses	**18,701,215**	11,899,549	6,412,375
Net loss and comprehensive loss	**19,269,891**	11,577,306	6,529,020
Basic and diluted loss per share	**0.18**	0.13	0.08
Total assets	**4,206,047**	15,605,744	3,985,483
Total non-current liabilities	**1,969,137**	1,966,710	-

The Company's net loss and comprehensive loss and operating expenses increased primarily due to higher exploration and evaluation expenses associated with the drill programs at the Margarita and Santa Cecilia projects. These additional losses contributed to the increased loss per share. Total assets decreased primarily due to the cash spent on exploration and evaluation expenses in Fiscal 2023. Non-current liabilities increased due the additional accretion expense on the loan facility during Fiscal 2023.

DISCUSSION OF OPERATIONS

The summary of the Company's operations is as follows:

	Q4 2023	Q4 2022	**Fiscal 2023**	Fiscal 2022
	$	$	**$**	$
Operating expenses				
Exploration and evaluation expenses	**1,767,108**	2,193,525	**13,293,245**	7,242,112
Fees, salaries and other employee benefits	**513,844**	625,646	**2,821,459**	2,090,738
Legal and professional	**37,688**	64,801	**423,316**	257,429
Marketing and investor relations	**303,335**	268,553	**1,243,429**	1,251,320
Office and administration	**156,178**	223,294	**673,548**	735,307
Project investigation	**41,957**	83,390	**136,417**	256,533
Regulatory and transfer agent	**19,663**	17,608	**109,801**	66,110
Operating loss	**2,839,773**	3,476,817	**18,701,215**	11,899,549
Other expenses (income)				
Accretion expense	**82,801**	53,425	**317,848**	93,981
Foreign exchange loss (gain)	**42,906**	88,952	**135,100**	(26,487)
Interest expense	**56,712**	47,466	**225,000**	83,466
Interest income	**(20,569)**	(137,196)	**(374,638)**	(195,681)
Net loss (gain) from equity investment	**(14,694)**	(20,067)	**5,033**	23,976
Net loss on extinguishment of loan facility	**202,082**	-	**202,082**	-
Net loss before income tax	**3,189,011**	3,509,397	**19,211,640**	11,878,804
Deferred income tax recovery	**-**	(159,458)	**-**	(159,458)
Net loss for the year	**3,189,011**	3,349,939	**19,211,640**	11,719,346
Net loss per share:				
Basic and diluted	**0.03**	0.03	**0.18**	0.13

Q4 2023 vs Q4 2022

The Company recorded a net loss of $3,189,011 compared to $3,349,939 in the prior year comparable period. The primary drivers of the decrease in the net loss were as follows:

- Exploration and evaluation expenses decreased to $1,767,108 compared to $2,193,525 in the prior year comparable period primarily due to management's decision to reduce spending on exploration and evaluation activities at the Margarita project and Andrea project to conserve cash, while retaining focus on the activities at the Santa Cecilia project.
- Fees, salaries and other employee benefits decreased to $513,844 compared to $625,646 in the prior year comparable period primarily due to adjusting to support the lower level of exploration and evaluation activities at the Margarita and Andrea projects.

Partially offsetting the decreases in the net loss during Q4 2023 were:

- 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. This amendment was treated as an extinguishment of the former loan facility and reissuance of a new loan facility. The extinguishment gave rise to a loss on extinguishment of $202,082 on the statement of loss and comprehensive loss.
- Interest income decreased to $20,569 compared to $137,196 in the prior year comparable period primarily due to lower average savings account balances in the current period.
- Marketing and investor relations increased to $303,335 compared to $268,553 in the prior year comparable period primarily due to an increase in marketing and investor relations efforts to communicate the exploration progress and results, as well as efforts to promote the January 2024 offering to the investor community.

Fiscal 2023 vs Fiscal 2022

The Company recorded a net loss of $19,211,640 compared to a net loss of $11,719,346 in the prior year. The primary drivers of this increase in the net loss were as follows:

- Exploration and evaluation expenses increased to $13,293,245 compared to $7,242,112 in the prior year primarily due to the 2023 drilling exploration programs at both the Santa Cecilia and Margarita projects, whereas only one drill program at the Margarita project was underway during the prior year. Furthermore, share-based compensation included in exploration and evaluation expenses increased to $771,411 compared to $135,831 in the prior year due to the vesting of additional options issued during the current year.
- Fees, salaries and other employee benefits increased to $2,821,459 compared to $2,090,738 in the prior year primarily due to an increase in share-based compensation included in fees, salaries and other employee benefits to $1,272,818 from $328,133 in the prior year due to vesting of additional options issued during the current year.
- Legal and professional increased to $423,316 compared to $257,429 in the prior year primarily due to an increase in legal services to support the shelf prospectus issued on March 27, 2023, as well as an increase in accounting fees related to an appointment of the interim Chief Finance Officer during the current year.
- 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. This amendment was treated as an extinguishment of the former loan facility and reissuance of a new loan facility. The extinguishment gave rise to a loss on extinguishment of $202,082 on the statement of loss and comprehensive loss.
- Accretion expense increased to $317,848 compared to $93,981 in the prior year due to a $500,000 additional draw down on the loan facility made in December 2022 meaning little accretion expense was incurred on this amount in Fiscal 2022. In addition, the initial drawn down of $2,000,000 was made in July 2022 meaning that in Fiscal 2022 there was approximately six months' worth of accretion expense compared to twelve months in 2023.
- Foreign exchange loss increased to $135,100 compared to a gain of $26,487 in the prior year primarily due to the weakening between the Company and its subsidiaries functional currencies against other foreign currencies during the current year.
- Interest expense increased to $225,000 compared to $83,466 in the prior year due to a $500,000 additional draw down on the loan facility made in December 2022 meaning little interest expense was incurred on this amount in Fiscal 2022. In addition, the initial draw down of $2,000,000 was made in July 2022, resulting six months' worth of interest expense in Fiscal 2022 as compared to twelve months in Fiscal 2023.

Partially offsetting the increase in the net loss during Fiscal 2023 were:

- Office and administration decreased to $673,548 compared to $735,307 in the prior year primarily due to management's cost saving initiatives.
- Project investigation decreased to $136,417 compared to $256,533 in the prior year primarily due the Company focusing on the current year drilling programs at both the Santa Cecilia and Margarita projects and reduced efforts to explore other projects during the current year.
- Interest income increased to $374,638 compared to $195,681 in the prior year comparable period primarily due to higher average savings account balances in the current year.

Summary of quarterly results

A summary of quarterly results is shown below:

Quarter ended	Interest income	Net loss	Total comprehensive loss	Loss per share
	$	$	$	$
December 31, 2023	**20,569**	**3,189,011**	**3,248,040**	**0.03**
September 30, 2023	76,440	4,777,697	4,925,206	0.04
June 30, 2023	132,044	6,129,807	5,962,894	0.06
March 31, 2023	145,585	5,115,124	5,133,750	0.05
December 31, 2022	137,196	3,349,939	3,300,462	0.03
September 30, 2022	41,849	3,216,632	3,162,686	0.04
June 30, 2022	8,980	2,556,757	2,520,764	0.03
March 31, 2022	7,656	2,596,019	2,593,395	0.03

The summary of last eight quarters reflects a significant increase in losses as the Company began surface exploration at the projects which were optioned during 2021 and began drill programs at the Margarita Project in 2022 and then the Santa Cecilia Project in 2023. To support these activities there have been increases in fees, salaries and other employee benefits; office and administration costs; as well as marketing and investor relations.

EXPLORATION PLANS

The Company is currently working on a phase IV drill program for the Margarita project, which is expected to take place in the second half of 2024 subject to financing.

At Santa Cecilia, results from the drill program in the first quarter of 2024 that focused on the Pircas Norte and Gemelos Norte targets are expected in the coming weeks. Once those results have been received, the Company will begin planning a follow-up drill program for the fall of 2024.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

	2023	2022
	$	$
Working capital surplus (deficit)	**(114,845)**	11,364,985
Cash	**487,970**	12,470,543
Non-current liabilities	**1,969,137**	1,966,710

	2023	2022
	$	$
Cash used in operating activities	**(16,701,039)**	(10,095,788)
Cash used in investing activities	**(491,929)**	(1,063,332)
Cash provided by financing activities	**5,216,319**	21,727,664

The Company's primary sources of liquidity are equity issuances and the loan facility. The funds are used to finance working capital, explore mineral properties and to make certain annual payments to ensure that all the Company's mineral properties remain in good standing. As at December 31, 2023, the Company had a working capital deficit of $114,845 (December 31, 2022 - surplus of $11,364,985) which included cash of $487,970 (December 31, 2022 - $12,470,543). The Company's current liabilities consist of accounts payable and accrued liabilities of $1,198,982 as at December 31, 2023 (December 31, 2022 - $1,637,551).

During Fiscal 2023, the Company used cash of $16,701,039 in operating activities compared to $10,095,788 during the prior year. The higher cash outflow in Fiscal 2023 was the result of higher exploration costs on the properties, particularly at the Santa Cecilia project where exploration and evaluation expenses increased to $8,878,852 compared to $2,229,779 in the prior year, as a result of the preparation for and completion of the inaugural drill campaign in Fiscal 2023.

During Fiscal 2023, cash used in investing activities was $491,929 compared to $1,063,332 in the prior year. The decrease in cash used in Fiscal 2023 was due to option payments for the Margarita and Andrea projects totaling $829,664, partially offset by cash provided by interest income totaling of $374,638 from the Company's cash balance held in savings accounts. The cash used in Fiscal 2022 was due to option payments on the Margarita, Andrea and Santa Cecilia projects, totaling $1,061,683 and the $196,330 purchase of equipment, as in Fiscal 2023, this was partially offset by cash provided by interest income totaling of $195,681 from the Company's cash balance held in savings accounts.

During Fiscal 2023, cash provided by financing activities decreased to $5,216,319 compared to $21,727,664 in the prior year. The cash received in Fiscal 2023 was due to funds from the issuance of shares and share purchase warrants for net proceeds of $5,401,069, partially offset by cash paid for interest expense on the loan facility of $225,000. The cash received in Fiscal 2022 was due to funds from the issuance of shares and share purchase warrants of $5,044,875, funds from the net investment by Gold Fields of $14,314,287, and net proceeds on the loan facility of $2,451,968, offset by cash paid for interest expense on the loan facility of $83,466.

The Company has incurred operating losses to date and does not generate revenue from operations to support its activities. With no source of revenue, there is no assurance that sufficient funding will be available to conduct further exploration of its mineral properties. The ability to continue as a going concern remains dependent upon Torq's ability to obtain the financing necessary to continue to fund its mineral properties, the realization of future profitable production, proceeds from the disposition of its mineral interests, and/or other sources. These conditions create a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Capital resources

January 4, 2024, Public and Private Placement

On January 4, 2024, the Company completed a public and private offering of equity securities for gross proceeds of $5,337,578, which consisted of 23,206,860 units at a price of $0.23 per unit. 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.

A summary of net proceeds is as follows:

	Proceeds
	$
Units issued at $0.23 per unit	5,337,578
Share issuance costs	(248,277)
Net proceeds	5,089,301
Allocation of net proceeds:	
Exploration activities	3,024,065
Margarita option payment	479,500
General working capital	1,585,736

March 10, 2023, Private Placement

On March 10, 2023, the Company closed a non-brokered private placement for gross proceeds of $6,260,339 consisting of 10,433,899 units of the Company at a price of $0.60 per Unit. Each Unit consists of one Torq common share (“Share”) and one half of a share purchase warrant, two half-warrants being required to exercise and acquire a full Share at $0.80 until March 10, 2026. The securities were issued under the listed issuer financing exemption, pursuant to National Instrument 45-106 - Prospectus Exemptions, and therefore no hold period applies to these securities in Canada, except where required by the TSX-V. In relation to this private placement, the Company issued 601,034 broker warrants with a fair value of $119,714. Share issuance costs including commissions and professional and regulatory fees, totaled $520,853.

A reconciliation of net proceeds and the funds used is as follows:

	Proceeds
	$
Units issued at $0.60 per unit	6,260,339
Share issuance costs	(520,853)
Net proceeds of 2023 Private Placement	5,739,486
Actual use of proceeds:	
Exploration activities	(2,798,365)
General working capital	(2,941,121)
Funds remaining as at December 31, 2023	**-**

September 15, 2022, Gold Fields Investment

On September 15, 2022, the Company completed a $15,000,000 non-brokered private placement with a wholly owned affiliate of a New York Stock Exchange (“NYSE”) listed international gold mining company, Gold Fields, at a purchase price of C$1.00 per common share. Torq has primarily used the net proceeds for drilling at its Santa Cecilia project, as well as for drilling at the Company’s Margarita project. Following the March 10, 2023, private placement, the Company amended the agreement with Gold Fields reducing the amount of funding designated specifically for exploration at the Santa Cecilia and Margarita projects in consideration of Gold Field’s pre-emptive rights being deemed unaffected by non-participation in that financing.

A reconciliation of net proceeds and the funds used is as follows:

	Proceeds
	$
Units issued at $1.00 per unit	15,000,000
Share issuance costs	(685,713)
Net proceeds of Gold Fields Investment	14,314,287
Actual use of proceeds:	
Margarita project	(2,250,000)
Santa Cecilia project	(10,612,104)
General working capital	(964,183)
Funds remaining as at December 31, 2023	**488,000**

March 18, 2022 Common Share Offering

On March 18, 2022, the Company closed a non-brokered private placement of 7,033,400 units at a price of $0.75 per unit for gross proceeds of $5,275,050. Each unit consists of a common share and a three-year share purchase warrant, exercisable at $1.10. Share issuance costs including customary referral fees which totaled $230,175.

The Company will continue to require additional working capital for the foreseeable future to fund its ongoing activities. As an exploration company that does not generate revenue, the most likely source of additional capital will be further equity financings, which are not assured and will depend on, among other things, financial market conditions, metal prices and the Company's exploration results.

Future option payments

A summary of the option payments in the coming years is as follows:

	Margarita Project	**Santa Cecilia Project**	**Total**
	US$	US$	US$
2024	1,550,000	600,000	2,150,000
2025	2,000,000	1,000,000	3,000,000
2026	2,500,000	3,000,000	5,500,000
2027	-	5,000,000	5,000,000
2028	-	15,000,000	15,000,000

OFF-BALANCE SHEET ARRANGEMENTS

Other than the commitment described in Note 5 in the financial statements, the Company has not engaged in any off-balance-sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing, hedging or research and development services with the Company.

PROPOSED TRANSACTIONS

As at December 31, 2023 and as at the date of this MD&A, the Company had no proposed transactions.

RELATED PARTY TRANSACTIONS

Related party transactions

A summary of the Company's transactions with UMS Canada for the years ended December 31, 2023 and 2022, is as follows:

	2023	2022
Exploration and evaluation expenses	**601,510**	353,240
Fees, salaries and other employee benefits	**706,857**	516,134
Legal and professional	**15,878**	44,304
Marketing and investor relations	**195,948**	106,779
Office and administration	**488,981**	354,223
Project investigation	**33,358**	61,416
Regulatory and transfer agent	**-**	51
Share issue costs	**6,982**	6,992
	2,049,514	1,443,139

As at December 31, 2023, included in the Company's accounts payable and accrued liabilities was $175,417 (December 31, 2022 - $161,900) and in prepaid expenses and deposits was $298,609 (December 31, 2022 - $240,000) relating to transactions with UMS Canada. All transactions with UMS Canada have occurred in the normal course of operations. All balances are unsecured, non-interest bearing and have no specific terms of settlement, unless otherwise noted.

Key management compensation

A summary of the Company's related party transactions for the years ended December 31, 2023 and 2022, is as follows:

	2023	2022
	$	$
Exploration and evaluation expenses	**596,672**	486,051
Fees, salaries and other employee benefits (1)	**792,194**	821,965
Share-based compensation (2)	**1,521,526**	103,645
	2,910,392	1,411,661

(1) During the year ended December 31, 2023, included in fees, salaries and other employee benefits was a total of $135,703 (2022 - $75,172) paid to the Company's directors and officers.

(2) The Company issues options to certain UMS Canada employees, including key management personnel of the Company. During the year ended December 31, 2023, the Company recognized a share-based compensation expense of $783,451 (2022 - $355,135) in respect of stock options granted to UMS Canada employees.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The Company's significant accounting judgements and sources of estimation uncertainty are described in notes to the Financial Statements.

CHANGES IN ACCOUNTING POLICIES

The Company has reviewed new and revised accounting pronouncements that are effective for annual periods beginning on or after January 1, 2023, and noted that these do not impact the Financial Statements of the Company. See Note 3(o) to the Financial Statements for details of the new and revised accounting policies.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards as they are not applicable to the Company's Financial Statements.

FINANCIAL INSTRUMENTS

As at December 31, 2023, the Company's financial instruments consist of cash, amounts receivable, deposits, accounts payable and accrued liabilities, and the loan facility; all of these financial instruments are measured at amortized cost. The fair values of cash, amounts receivable, deposits, accounts payable and accrued liabilities approximate their carrying values due to their short-term to maturity.

The Company's financial instruments are exposed to certain financial risks including liquidity risk, credit risk, and currency risk. Details of the primary risks that the Company is exposed to are laid out in Note 13 in the Company's Financial Statements.

OTHER REQUIRED DISCLOSURES

Capital structure

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

Issued share capital

As at the dates noted in the table, the Company had the following outstanding securities:

	December 31, 2023	MD&A Date
	$	$
Common shares	110,368,130	133,574,990
Share purchase options	8,732,500	7,605,000
Share purchase warrants	20,351,383	44,643,057
	139,452,013	185,823,047

Disclosure controls and procedures

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

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The Financial Statements have been prepared by management in accordance with IFRS and in accordance with accounting policies set out therein.

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

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

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR+ website at www.sedarplus.ca under the Company's profile.

On behalf of the Board of Directors,

"Shawn Wallace"
Shawn Wallace
Chief Executive Officer and Chair
April 17, 2024