



(An exploration stage company)

Torq Resources Inc.

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2021 and 2020

(Expressed in Canadian dollars - Unaudited)

TORQ RESOURCES INC.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars – Unaudited)

	Notes	June 30, 2021	December 31, 2020
Assets			
Current assets			
Cash		\$ 5,770,018	\$ 8,748,073
Accounts receivable and other		83,985	42,951
Prepaid expenses and deposits		621,380	303,824
		6,475,383	9,094,848
Equipment		196,556	-
Mineral property interest	3	549,070	-
Total assets		\$ 7,221,009	\$ 9,094,848
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 713,785	\$ 202,917
Total liabilities		713,785	202,917
Equity			
Share capital	6	49,105,657	49,003,385
Share option reserve	7	8,912,598	8,558,963
Shares to be issued	6(c)	99,031	-
Accumulated other comprehensive loss		(17,008)	(1,347)
Deficit		(51,593,054)	(48,669,070)
Total equity		6,507,224	8,891,931
Total liabilities and equity		\$ 7,221,009	\$ 9,094,848

Approved on behalf of the Board of Directors:

“Michael Kosowan”**President, Chief Executive Officer and Director**“Jeffrey Mason”**Director***The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

TORQ RESOURCES INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars, except number of shares – Unaudited)

		Three months ended		Six months ended	
		June 30		June 30	
	Notes	2021	2020	2021	2020
Operating expenses					
Exploration and evaluation costs	4	\$ 621,617	\$ -	\$ 741,541	\$ -
Fees, salaries and other employee benefits	8	457,625	182,067	689,508	352,024
Legal and professional fees		59,458	26,588	140,743	52,493
Marketing and investor relations		207,246	52,070	672,712	104,498
Office and administration		150,124	45,091	362,251	103,282
Regulatory, transfer agent and shareholder information		11,914	13,603	29,585	30,151
Project investigation costs	5	144,879	154,636	265,865	382,844
		1,652,863	474,055	2,902,205	1,025,292
Other expenses (income)					
Interest and other income		(17,269)	(13,062)	(28,625)	(59,918)
Foreign exchange (gain) loss		(28,802)	79,612	50,404	(96,183)
		(46,071)	66,550	21,779	(156,101)
Net loss for the period		\$ 1,606,792	\$ 540,605	\$ 2,923,984	\$ 869,191
Other comprehensive loss					
Unrealized currency loss on translation of foreign operations		12,673	1,254	15,661	113
Total comprehensive loss for the period		\$ 1,619,465	\$ 541,859	\$ 2,939,645	\$ 869,304
Basic and diluted loss per share		\$ 0.02	\$ 0.01	\$ 0.04	\$ 0.01
Basic and diluted weighted average number of shares		77,452,971	77,324,164	77,426,380	77,324,164

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

TORQ RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian dollars, except number of shares – Unaudited)

	Notes	Number of common shares	Share capital	Share option reserve	Shares to be issued	Accumulated other comprehensive loss	Deficit	Total equity
Balance, December 31, 2019		77,324,164	\$ 48,977,100	\$ 8,435,631	\$ -	\$ (19)	\$ (46,581,234)	\$ 10,831,478
Share-based compensation		-	-	62,998	-	-	-	62,998
Other comprehensive loss for the period		-	-	-	-	(113)	-	(113)
Net loss for the period		-	-	-	-	-	(869,191)	(869,191)
Balance, June 30, 2020		77,324,164	\$ 48,977,100	\$ 8,498,629	\$ -	\$ (132)	\$ (47,450,425)	\$ 10,025,172
Stock options exercised	6(b)	35,000	26,285	(8,785)	-	-	-	17,500
Share-based compensation		-	-	69,119	-	-	-	69,119
Other comprehensive loss for the period		-	-	-	-	(1,215)	-	(1,215)
Net loss for the period		-	-	-	-	-	(1,218,645)	(1,218,645)
Balance, December 31, 2020		77,359,164	\$ 49,003,385	\$ 8,558,963	\$ -	\$ (1,347)	\$ (48,669,070)	\$ 8,891,931
Stock options exercised	6(b)	50,000	41,334	(11,534)	-	-	-	29,800
Share-based compensation	7(a)	-	-	365,169	-	-	-	365,169
Shares issued as finder's fee	6(c)	81,250	60,938	-	-	-	-	60,938
Shares to be issued as finder's fee	6(c)	-	-	-	99,031	-	-	99,031
Other comprehensive loss for the period		-	-	-	-	(15,661)	-	(15,661)
Net loss for the period		-	-	-	-	-	(2,923,984)	(2,923,984)
Balance, June 30, 2021		77,490,414	\$ 49,105,657	\$ 8,912,598	\$ 99,031	\$ (17,008)	\$ (51,593,054)	\$ 6,507,224

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

TORQ RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars, except number of shares – Unaudited)

	Notes	Three months ended June 30		Six months ended June 30	
		2021	2020	2021	2020
Operating activities					
Net loss for the period		\$ (1,606,792)	\$ (540,605)	\$ (2,923,984)	\$ (869,191)
Non-cash transactions:					
Share-based compensation	7(a)	348,943	55,992	365,169	62,998
Unrealized foreign exchange loss (gain)		17,005	76,553	25,733	(99,759)
Interest and other income		(17,269)	(13,062)	(28,625)	(59,918)
Changes in non-cash working capital:					
Accounts receivable and other		(41,407)	25,274	(40,797)	12,051
Prepaid expenses and deposits		(338,920)	20,263	(384,045)	(103,009)
Accounts payable and accrued liabilities		280,435	(103,940)	378,396	(98,607)
Cash used in operating activities		(1,358,005)	(479,525)	(2,608,153)	(1,155,435)
Investing activities					
Options payments on mineral properties		(62,875)	-	(125,940)	-
Transaction costs on acquisition of mineral properties		(38,035)	-	(66,528)	-
Equipment		(84,976)	-	(197,755)	-
Interest and other income received		17,269	13,062	28,625	59,918
Cash (used in) provided by investing activities		(168,617)	13,062	(361,598)	59,918
Financing activities					
Proceeds from the exercise of share options	6(b)	5,000	-	29,800	-
Cash provided by financing activities		5,000	-	29,800	-
Effect of foreign exchange rates on changes on cash		(26,388)	(77,759)	(38,104)	99,763
Decrease in cash		(1,548,010)	(544,222)	(2,978,055)	(995,754)
Cash, beginning of period		7,318,028	10,386,489	8,748,073	10,838,021
Cash, end of period		\$ 5,770,018	\$ 9,842,267	\$ 5,770,018	\$ 9,842,267

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

TORQ RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements
Three and six months ended June 30, 2021 and 2020
(Expressed in Canadian dollars, unless otherwise noted – Unaudited)

NOTE 1 – NATURE OF OPERATIONS

Torq Resources Inc. (the “Company” or “Torq”) is incorporated under the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange (the “Exchange”). The Company’s shares trade under the symbol TORQ.V in Canada and on the OTCQX under the US symbol TRBMF. The head office and principal address of Torq is located at 1199 West Hastings Street, Suite 600, Vancouver, British Columbia, Canada, V6E 3T5.

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

Ongoing response to COVID-19

The Company continues to actively investigate projects through desktop reviews and site visits where appropriate generating several high-potential opportunities to create value for shareholders. The Company is monitoring the COVID-19 situation closely as restrictions are eased, travel is being utilized where appropriate to support the evaluation activities in the pursuit of new assets.

NOTE 2 – BASIS OF PRESENTATION

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in Note 3 of the Company’s most recent audited consolidated financial statements for the years ended December 31, 2020 and 2019, except for a new accounting policy for equipment.

Equipment is stated at cost less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method over the estimated useful lives as follows:

- Vehicles	5 years
------------	---------

These condensed consolidated interim financial statements (the “financial statements”) should be read in conjunction with the Company’s audited consolidated financial statements for the years ended December 31, 2020 and 2019.

These financial statements were approved and authorized for issue by the Board of Directors of the Company on August 26, 2021.

(b) Basis of presentation and consolidation

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

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

TORQ RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

Three and six months ended June 30, 2021 and 2020

(Expressed in Canadian dollars, unless otherwise noted – Unaudited)

The financial statements include the financial statements of the Company and its subsidiaries as follows:

Subsidiary	Place of incorporation	Functional currency	Beneficial interest
Stratton Resources (Canada) Inc.	B.C., Canada	CAD	100%
Torq Resources Holdings Inc.	B.C., Canada	CAD	100%
Torq USA Inc.	Nevada, USA	USD	100%
Candelaria Minerals S.A.C.	Peru	USD	100%
Torq Resources Chile SpA	Chile	USD	100%
Minera Margarita SpA	Chile	USD	100%
Minera Andrea SpA	Chile	USD	100%

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Control exists when the Company has power over an investee, exposure or rights to variable returns from involvement with the investee and the ability to use its power over the investee to affect the Company's returns.

During February 2021, the Company established Minera Margarita SpA, a new wholly owned Chilean subsidiary for the Margarita Project option acquisition (see Note 3).

During May 2021, the Company established Minera Andrea SpA, a new wholly owned Chilean subsidiary for the Andrea Project option acquisition (see Note 3).

Intercompany balances and transactions have been eliminated on consolidation.

(c) Significant accounting judgements and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the consolidated financial statements. Estimates are continuously evaluated and are based on management's experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

The Company's critical accounting judgements and estimates are presented in Note 2 of the audited annual consolidated financial statements for the years ended December 31, 2020 and 2019 and have been consistently applied in the preparation of these financial statements. New estimates and judgments for the amortization of property and equipment will be based on the straight-line method over the estimated useful lives of 5 years.

NOTE 3 – MINERAL PROPERTY INTERESTS

The Company's mineral property interest are composed of the following:

	Margarita Project		Andrea Project		Total
As at December 31, 2019 and 2020	\$	-	\$	-	\$ -
Acquisition cost		94,989		38,035	133,024
Finder's fees shares		159,969		-	159,969
Option payments and option payments due		125,940		130,137	256,077
As at June 30, 2021	\$	380,898	\$	168,172	\$ 549,070

TORQ RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements
 Three and six months ended June 30, 2021 and 2020
 (Expressed in Canadian dollars, unless otherwise noted – Unaudited)

(a) Margarita Project

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

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

Margarita Claims

Under the option agreement the Company can acquire a 100% interest in the Margarita claims by making cash payments totalling US\$6,200,000 over 66 months. The Company is required to incur work expenditures totalling US\$3,050,000 within 30 months of signing the definitive agreement:

	Cash payments (US\$)	Work expenditures requirement (US\$)
April 20, 2021 (paid C\$62,875)	\$ 50,000	\$ -
August 22, 2021	50,000	400,000
August 22, 2022	100,000	1,150,000
August 22, 2023	300,000	1,500,000
August 22, 2024	1,200,000	-
August 22, 2025	2,000,000	-
August 22, 2026	2,500,000	-
	\$ 6,200,000	\$ 3,050,000

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

La Cototuda Claims

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

	Cash payments (US\$)
February 23, 2021 (paid C\$63,065)	\$ 50,000
February 23, 2022	250,000
February 23, 2023	250,000
February 23, 2024	350,000
	\$ 900,000

TORQ RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements
 Three and six months ended June 30, 2021 and 2020
 (Expressed in Canadian dollars, unless otherwise noted – Unaudited)

(b) Andrea Project

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

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

	Cash payments (US\$)
July 23, 2021	\$ 105,000
May 24, 2022	135,000
May 24, 2023	185,000
May 24, 2024	300,000
May 24, 2025	1,000,000
May 24, 2026	4,275,000
	\$ 6,000,000

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

NOTE 4 – EXPLORATION AND EVALUATION COSTS**(a) Margarita Project**

A summary of exploration and evaluation costs for the Margarita Project during the three and six months ended June 30, 2021 and 2020 is as follows:

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Geological consulting, salaries and wages	\$ 288,649	\$ -	\$ 380,326	\$ -
Geophysics, sampling and assays	211,973	-	211,973	-
Share-based compensation	81,895	-	81,895	-
Environmental and permitting	13,115	-	23,238	-
Travel, meals and accommodation	11,850	-	16,509	-
Project support costs	-	-	12,239	-
Equipment, vehicles, rent and field supplies	3,167	-	4,393	-
	\$ 610,649	\$ -	\$ 730,573	\$ -

(b) Andrea Project

During the three and six months ended June 30, 2021, the Company incurred a total of \$3,290 (three and six months ended June 30, 2020 - \$nil) for environmental and permitting as exploration and evaluation cost on the Andrea Project, as well as \$7,678 (three and six months ended June 30, 2020 - \$nil) for share-based compensation.

TORQ RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements
Three and six months ended June 30, 2021 and 2020
(Expressed in Canadian dollars, unless otherwise noted – Unaudited)

NOTE 5 – PROJECT INVESTIGATION COSTS

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Geological consulting, salaries and wages	\$ 98,740	\$ 98,686	\$ 209,049	\$ 228,631
Share-based compensation	28,250	29,956	36,450	29,956
Environmental and permitting	9,062	-	9,062	-
Project support costs	3,402	5,558	5,451	11,934
Travel, meals and accommodation	2,847	11,464	3,275	58,105
Equipment, vehicles, rent and field supplies	2,578	8,452	2,578	28,111
Assays	-	520	-	26,107
	\$ 144,879	\$ 154,636	\$ 265,865	\$ 382,844

NOTE 6 – SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value

(b) Common share issuances

During the six months ended June 30, 2021, the Company issued 81,250 common shares with a \$60,938 fair value, pursuant to the Margarita Project finder's fee agreement (see Note 3)

During the six months ended June 30, 2021, the Company issued 50,000 common shares pursuant to share options exercised at a weighted average price of \$0.62 for gross proceeds of \$29,800. The associated fair value of \$11,534 was reclassified from share option reserve transferred to share capital.

During the year ended December 31, 2020, the Company issued 35,000 common shares pursuant to share options exercised at a weighted average price of \$0.50 for gross proceeds of \$17,500. The associated fair value of \$8,785 was reclassified from share option reserve transferred to share capital.

(c) Shares to be issued

In relation to the execution of the Margarita Project option agreement, the Company is required to issue 466,666 Finder's Fee shares to finders in three tranches over the next two years with a \$159,969 fair value (see Note 3). During the six months ended June 30, 2021, 81,250 of the Finder's Fee shares were issued with \$60,938 reclassified from shares to be issued to share capital.

TORQ RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements
 Three and six months ended June 30, 2021 and 2020
 (Expressed in Canadian dollars, unless otherwise noted – Unaudited)

NOTE 7 – SHARE OPTION RESERVE

The Company maintains a rolling share-based option plan providing for the issuance of share options up to 10% of the Company's issued and outstanding common shares. The Company may grant from time-to-time share options to its directors, officers, employees and other service providers. The share options typically vest 25% on the date of the grant and 12.5% every three months thereafter for a total vesting period of 18 months.

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

	Number of share options	Weighted average exercise price
Outstanding, December 31, 2019	6,370,000	\$ 0.82
Granted	550,000	0.60
Exercised	(35,000)	0.50
Expired	(30,000)	0.85
Forfeited	(8,125)	0.62
Outstanding, December 31, 2020	6,846,875	0.81
Granted	1,455,000	0.77
Exercised	(50,000)	0.62
Expired	(641,875)	0.85
Outstanding, June 30, 2021	7,610,000	\$ 0.80

As at June 30, 2021, the number of share options outstanding and exercisable was:

Expiry date	Outstanding			Exercisable		
	Number of share options	Exercise price	Remaining contractual life (years)	Number of share options	Exercise price	Remaining contractual life (years)
Aug 30, 2022	5,205,000	\$ 0.85	1.17	5,205,000	\$ 0.85	1.17
Sep 21, 2023	150,000	0.50	2.23	150,000	0.50	2.23
Apr 1, 2024	250,000	0.50	2.75	250,000	0.50	2.75
May 25, 2025	400,000	0.58	3.90	300,000	0.58	3.90
Jun 25, 2025	150,000	0.66	3.99	112,500	0.66	3.99
Apr 7, 2026	1,455,000	0.77	4.77	363,750	0.77	4.77
	7,610,000	\$ 0.80	2.13	6,381,250	\$ 0.81	1.64

During the six months ended June 30, 2021, the Company granted 1,455,000 share options with a \$0.77 exercise price, vesting over 18 months, and a five-year life. The Company used the Black Scholes option pricing model to determine the fair value of the share options granted using the following assumptions: volatility of 68.89%, risk-free rate 0.94%, and dividend yield of 0% (three and six months ended June 30, 2020: volatility of 70.32%, risk-free rate 0.36%, and dividend yield of 0%).

The Company uses the fair value method of accounting for all share-based payments to directors, officers, employees and others providing similar services.

TORQ RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

Three and six months ended June 30, 2021 and 2020

(Expressed in Canadian dollars, unless otherwise noted – Unaudited)

During the three and six months ended June 30, 2021 and 2020, the Company recognized share-based compensation expense in net loss for the period as follows:

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Included in:				
Fees, salaries, and other employee benefits	\$ 231,120	\$ 26,036	\$ 239,146	\$ 33,042
Exploration and evaluation expenses	89,573	-	89,573	-
Project investigation costs	28,250	29,956	36,450	29,956
	\$ 348,943	\$ 55,992	\$ 365,169	\$ 62,998

NOTE 8 – RELATED PARTY TRANSACTIONS

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Universal Mineral Services Ltd. (“UMS”)				
Included in the statement of loss and comprehensive loss:				
Exploration and evaluation costs	\$ 6,083	\$ -	\$ 6,083	\$ -
Fees, salaries and other employee benefits	73,250	47,152	115,595	93,679
Marketing and investor relations	24,513	11,984	33,551	23,577
Office and administration	56,881	39,714	100,302	83,816
Project investigation costs	22,705	91,363	47,161	217,520
Regulatory, transfer agent and shareholder information	-	62	42	62
Total transactions for the period	\$ 183,432	\$ 190,275	\$ 302,734	\$ 418,654

UMS is a private company with two directors and two officers in common with the Company. UMS provides geological, financial and transactional advisory services as well as administrative and office services to the Company on an ongoing, cost recovery basis. Having these services available through UMS on an as needed basis, allows the Company to maintain a more efficient and cost-effective corporate overhead structure by hiring fewer full-time employees and engaging outside professional advisory firms less frequently. The agreement has an indefinite term and can be terminated by either party upon providing due notice.

As at June 30, 2021, the Company’s accounts payable and accrued liabilities include an amount owing to UMS of \$130,691 (December 31, 2020 - \$121,576). In addition, the Company has \$470,605 on deposit with UMS, recognized within prepaid expenses and deposits as at June 30, 2021 (December 31, 2020 - \$150,000).

TORQ RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements
Three and six months ended June 30, 2021 and 2020
(Expressed in Canadian dollars, unless otherwise noted – Unaudited)

Key management compensation

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Salaries and other employee benefits	\$ 193,727	\$ 103,333	\$ 394,190	\$ 205,545
Directors' fees paid to non-executive directors	18,311	7,802	36,124	15,604
Share-based compensation	97,715	54,918	111,207	59,353
	\$ 309,753	\$ 166,053	\$ 541,521	\$ 280,502

NOTE 9 – FINANCIAL INSTRUMENTS

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

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

As at June 30, 2021, the Company's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. The fair values of these assets and liabilities approximate their carrying values due to their short-term maturity.

The Company's financial instruments are exposed to credit risk, liquidity risk and market risks, which include foreign currency risk and interest rate risk. As at June 30, 2021 the primary risks were as follows:

(a) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at June 30, 2021, the Company has a working capital of \$5,761,598 (December 31, 2020 - \$8,891,931). The Company held cash of \$5,770,018 at June 30, 2021 (December 31, 2020 - \$8,748,073), which is entirely unrestricted.

(b) Market risk

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

Foreign currency risk

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

TORQ RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

Three and six months ended June 30, 2021 and 2020

(Expressed in Canadian dollars, unless otherwise noted – Unaudited)

As at June 30, 2021 and December 31, 2020, the Company's foreign currency exposure related to its financial assets and liabilities held in USD and in Chilean Pesos ("CLP") are respectively as follows, noting that the Canadian parent company is exposed to USD foreign currency risk with CAD functional currency and the Chilean subsidiaries with USD functional currency are exposed to CLP foreign currency risk:

	June 30, 2021	December 31, 2020
Period end exchange rate CAD per USD	\$ 1.2394	\$ 1.2732
Cash	10,338	1,529,926
Accounts receivable and other	-	-
Accounts payable and accrued liabilities	(18,259)	-
	\$ (7,921)	\$ 1,529,926
In US\$	June 30, 2021	December 31, 2020
Period end exchange rate CLP per USD	\$ 733.2936	\$ 714.0689
Cash	365,709	-
Accounts receivable and other	39,169	-
Accounts payable and accrued liabilities	(189,089)	-
	\$ 215,789	\$ -

A 10% increase or decrease in the USD and CLP exchange rates would not result in a material impact to the Company's loss or comprehensive loss for the six months ended June 30, 2021.

NOTE 10 – SEGMENTED INFORMATION

The Company operates as one operating segment, being the acquisition and exploration of mineral resource properties. As at June 30, 2021 the Company's main exploration projects were located in Chile (December 31, 2020, no active projects).