

Quarterly Activities Report for the period ending 31 December 2022

Highlights

- 4,500m drilling campaign at Paris Gold Project, targeting extensions to Paris Prospect, and investigating significant gold anomalies within the 2,500m NW-SE distance linking the Observation, HHH and Paris Prospects. Results imminent.
- Completion of 80% earn-in to Maynard's Dam Prospect within the Paris Gold Project, extending tenure to 176km².
- Highly encouraging Rare Earth Elements (REE) returned from drilling at Bullfinch Project.
- Chief Executive Officer Cristian Moreno appointed as Managing Director, and Non-Executive Director Patrick Burke appointed as Non-Executive Chairman.

Perth-based, Western Australian-focused gold explorer Torque Metals Limited ("**Torque**" or "**the Company**") (**ASX: TOR**) is pleased to report on its activities for the three months ending December 2022.

During the December Quarter, the Company progressed its flagship Paris Gold Project near Kalgoorlie in Western Australia, with a campaign of drilling to in-fill and further extend the high-grade gold structure at the Paris Prospect and identify new mineralised systems for "Big Pit" potential.

Torque also announced the results of its first drilling program at the Bullfinch Project near Southern Cross in Western Australia, where highly encouraging rare earth elements results were returned.

Torque Metals Managing Director Cristian Moreno commented:

"Torque has continued its momentum through the December quarter, with drilling on both the Paris and Bullfinch projects and formally extending our potential strike length at Paris with the completion of the earn-in to the Maynard's Dam Prospect.

"Our drilling program at Paris is focused on the high-grade structures Torque has already identified, and the potential to link these structures into a Gold Camp has the Board very excited.

"Torque's exploration strategy of using historical drilling records, machine learning algorithms, and geological interpretation has uncovered the potential for new, mineralised formations, largely parallel to those described at Paris, Observation, and HHH.

"More than 80% of our budget is dedicated to exploratory activities. We are pleased to report that Torque maintains low administrative costs while aggressively exploring the Paris and Bullfinch projects."

Paris Gold Project

Paris Prospect drilling and investigation of 2,500m mineralised structure

During the quarter, Torque announced it had commenced 4,500m of reverse circulation (RC) drilling over its high-grade gold prospects at the Paris Gold Project¹, with two aims:

- Drilling at the Paris Gold Prospect to target extensions to the already identified high-grade gold structure (Figure 1).
- Investigation of the link between the Observation, HHH and Paris prospects, where the Company suspects that the 2,500m NW-SE distance between the two mines contains multiple parallel mineralised gold zones (Figure 2).

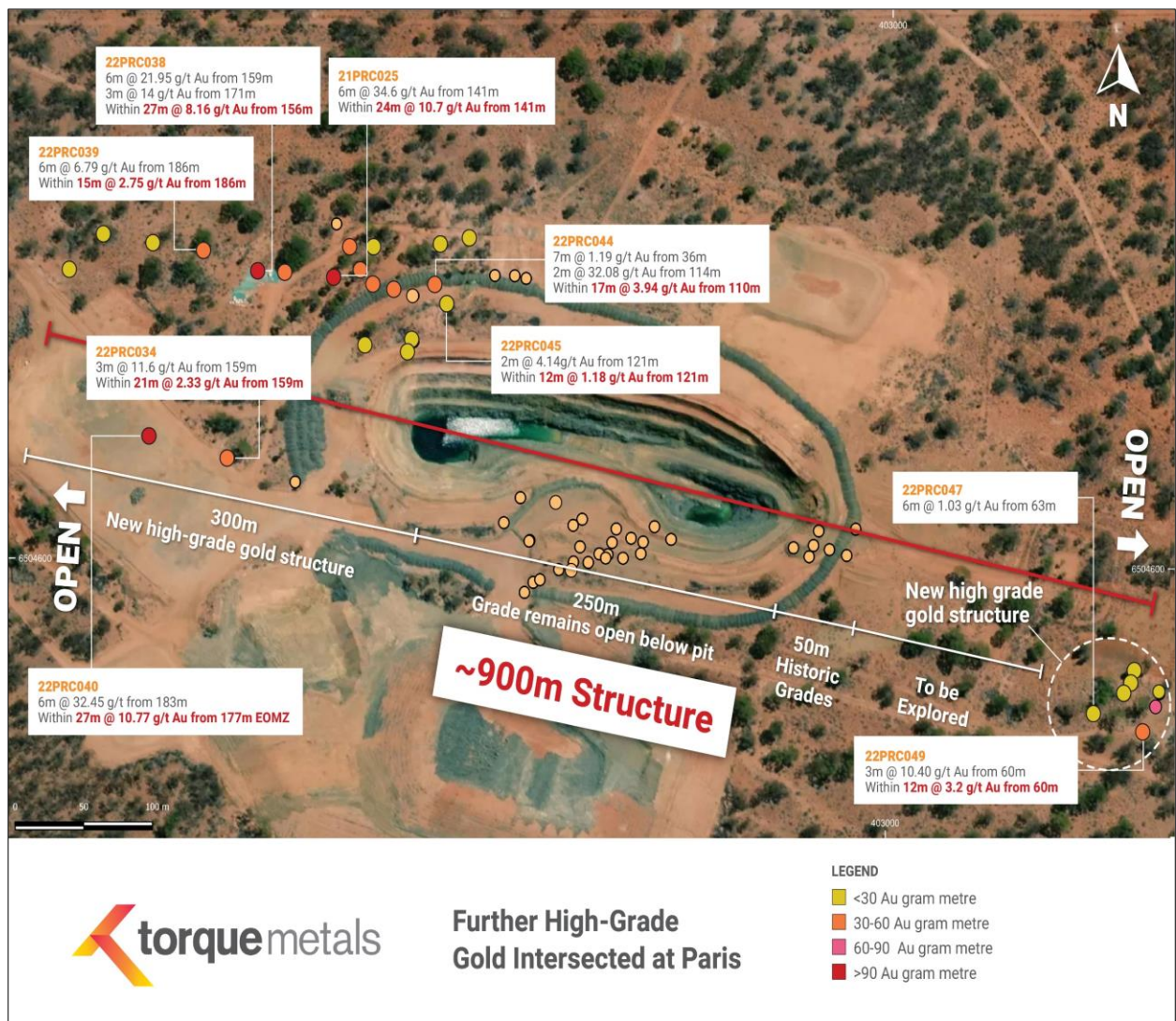


Figure 1: High-grade mineralised structure at the Paris Gold Prospect

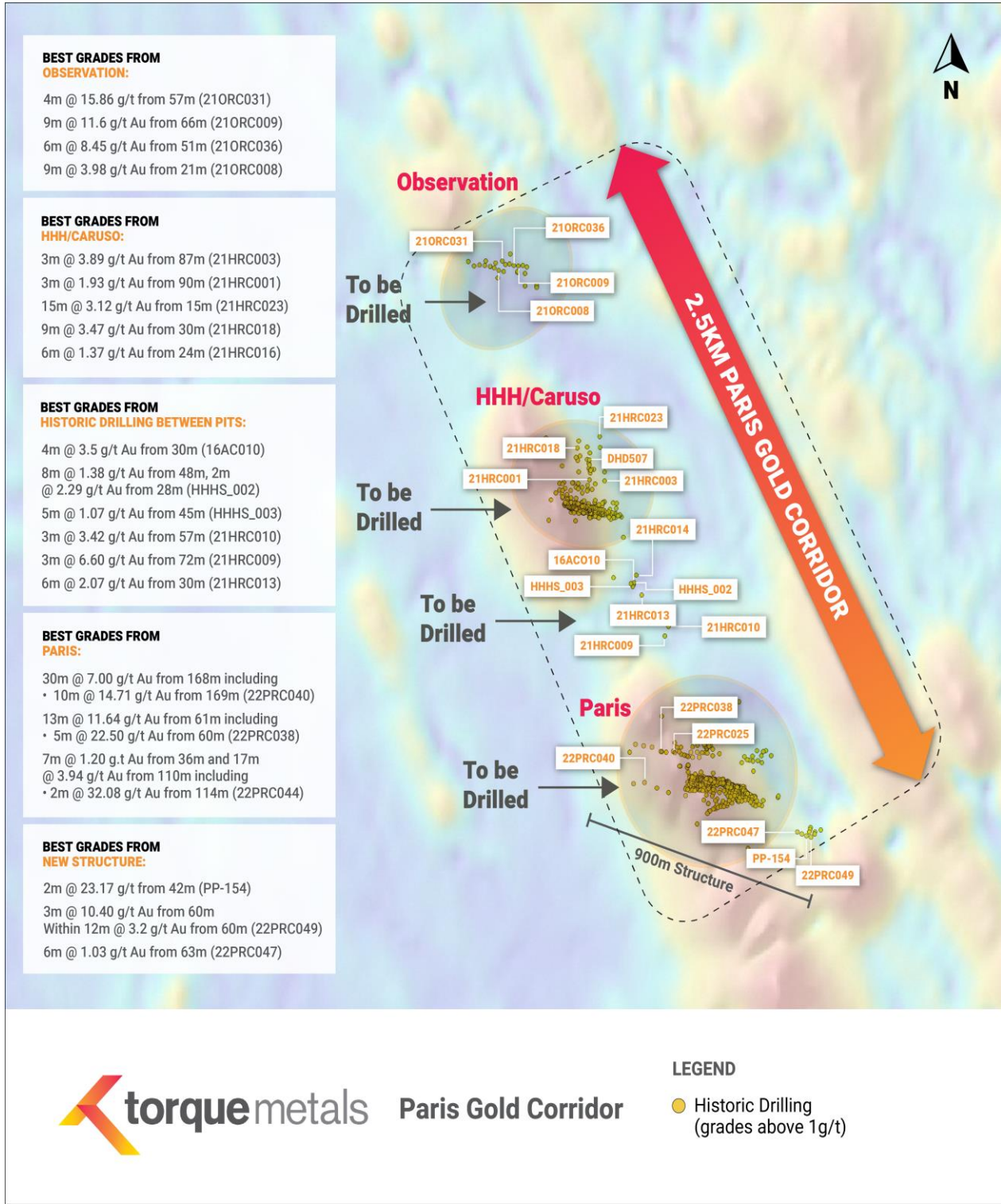


Figure 2: RC Drilling to investigate 2.5km Gold Camp

Expansion of Paris Gold / Nickel footprint²

During the period, Torque was pleased to announce that it completed an 80% earn-in to Jindalee Resources Limited’s (“Jindalee”) (ASX:JRL) Maynard’s Dam Prospect – ELs 15/1736, 15/1747 and 15/1752. Upon final approval by DMIRS, the tenements will be transferred to Torque while Jindalee will retain a 20% free carried interest. SensOre has exited the Maynard’s Dam joint venture as part of a business refocus.

The Maynard’s Dam project aggregates approximately 75km², bringing the total new area of the Paris Project to approximately 176km². Importantly, the acquisition of the 80% interest in EL15/1752 adds a further 14km of prospective strike to the North of the successfully explored areas at the Paris, HHH / Caruso, and Observation prospects where Torque’s drilling has generated several new, high grade gold intersections since the Company listed in June 2021.

Previous exploration by SensOre using their AI system along with surface geochemistry identified multiple targets along strike from recent discoveries of Torque at its Strauss and Paris prospects. Significantly, SensOre undertook extensive Heritage work (ethnographic and archaeological clearance survey) in prelude its drilling. Torque’s Paris project now consists of 3 exploration; 2 prospecting; and 9 granted mining licences for a total area of approximately 176km².

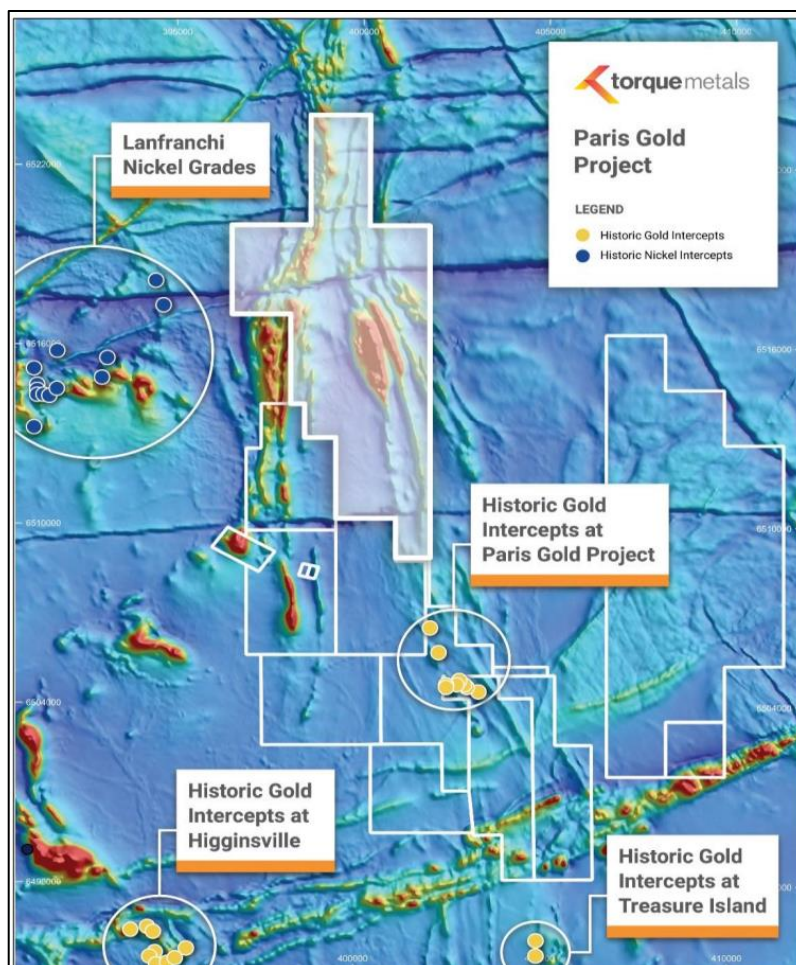


Figure 3: Paris Project highlighting tenement EL15/1752

Bullfinch Gold Project

Significant Potential for Rare Earth Elements

During the quarter, Torque received encouraging rare earth elements (REE) and gold results from drilling and sampling activities at the Withers Find prospect³. Bullfinch is a vastly underexplored but prospective project, located over Archaean greenstone lithologies prospective for gold, massive nickel-copper sulphides, REE, and lithium-pegmatitic deposits.

Torque's first shallow RC drilling campaign at Bullfinch (21 holes for 1,260m) was focused entirely on Withers Find prospect and confirmed the presence of hard-rock pegmatite hosted REE, with the best drillhole **BRC001 returning 3m @ 0.107% TREO with 187ppm NdPr from 15m**. Additional drillholes also presented anomalous REE grades in other holes warrants further exploration for these critical materials.

Best REE intercepts from Bullfinch drilling as follows (Figures 4 & 5):

- **3m @ 0.107% TREO** with 187.15ppm NdPr from 15m (22B2RC01)
- **3m @ 0.076% TREO** with 118.14ppm NdPr from 57m (22B2RC07) ending in mineralised zone
- **6m @ 0.042% TREO** with 105.34ppm NdPr from 9m (22B2RC11)
- **12m @ 0.0412% TREO** with 77.24ppm NdPr from 48m (22B2RC15) ending in mineralised zone
- **3m @ 0.037 TREO** with 59.46ppm NdPr from 24m (22B2RC21)

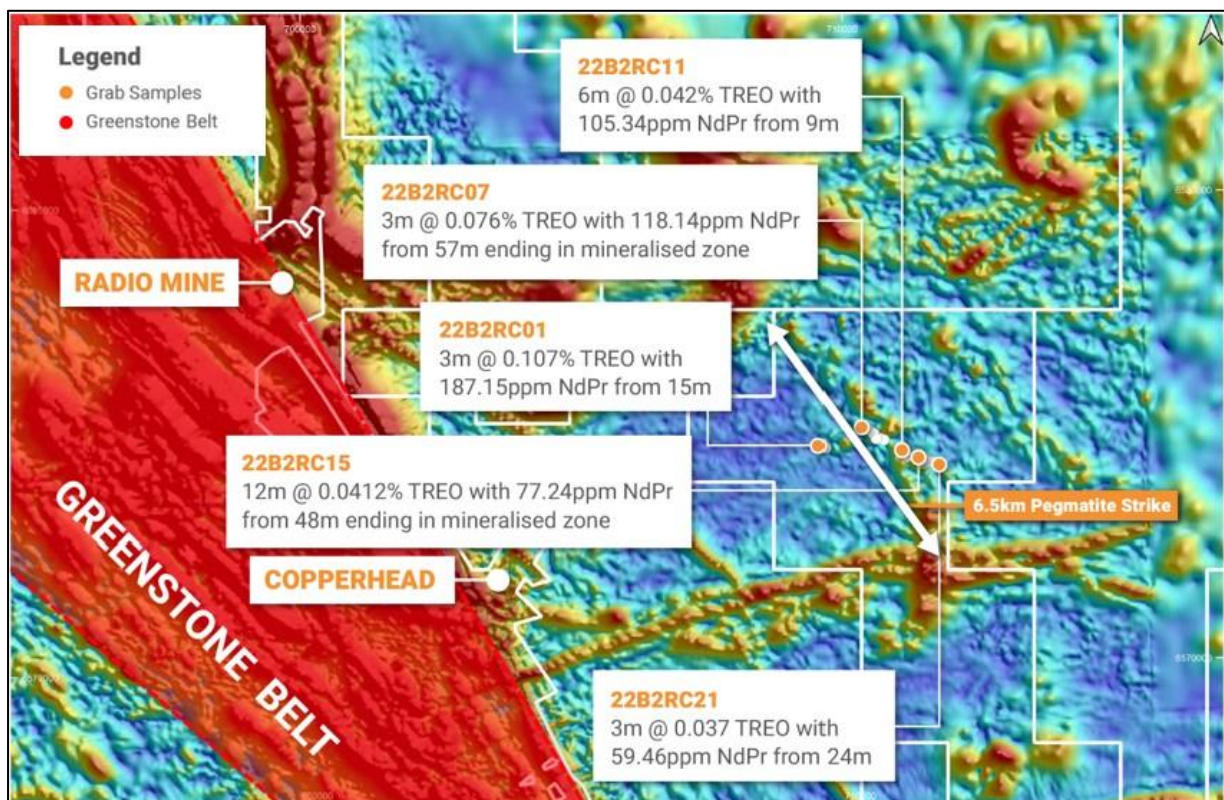


Figure 4: Bullfinch best drillhole results

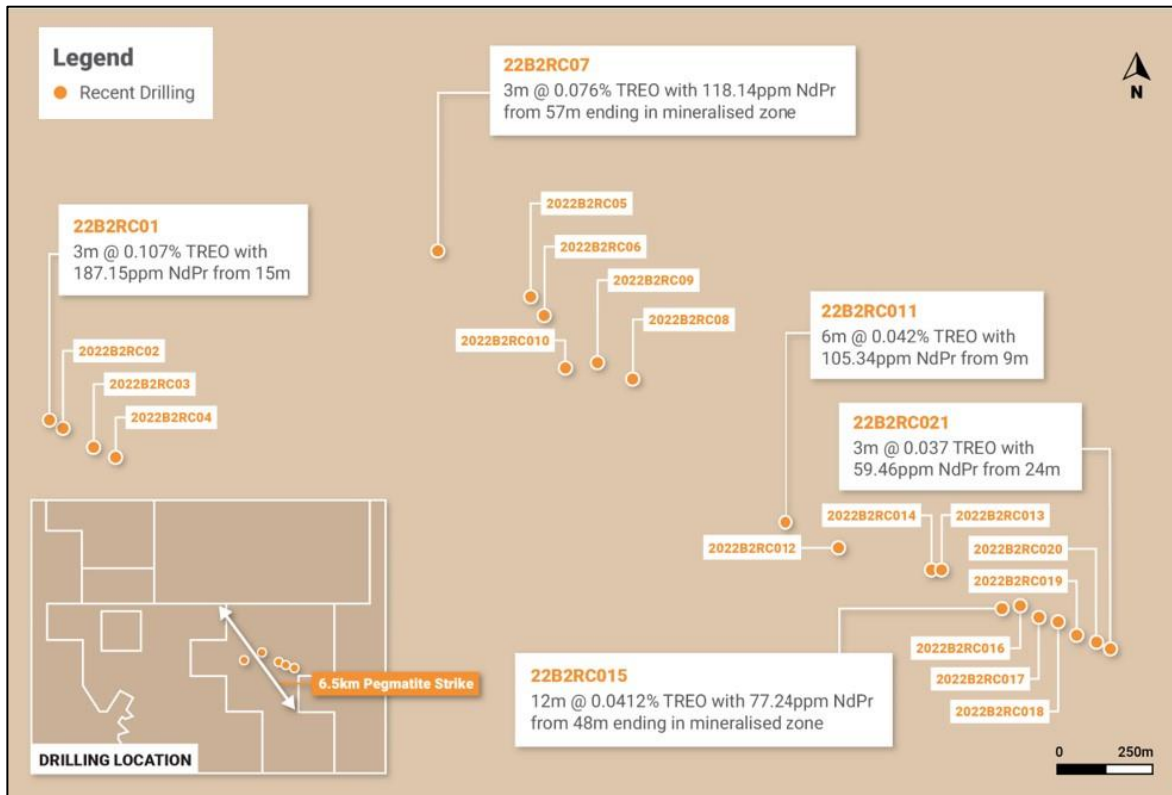


Figure 5: Bullfinch plan view

Probable high-grade gold structures located at depth

The Company intended the drill campaign to investigate gold prospects near a pegmatitic structure, however it is now considered that the gold mineralisation extends deeper than 60m (deepest hole) and could be located at a depth of around 120m. Deeper drilling is now being considered by the technical team.

Outstanding grab-sample results suggest probable high-grade gold structures in some of the already identified geophysical anomalies (Figure 6). These gold results indicate significant potential for additional gold discoveries for the Company and they command further investigation.

Summary of the grab-sample results presented as follows:

- (TMGS10001) → grab sample (Old workings) 16 g/t Au
- (TMGS10005) → grab sample (Quartz-pegmatite waste) 5.76 g/t Au
- (TMGS10009) → grab sample (Old workings) 9.98 g/t Au
- (TMGS10011) → grab sample (Old workings) 2.05 g/t Au
- (TMGS10016) → grab sample (Mafic sequence outcrop) 9.79 g/t Au

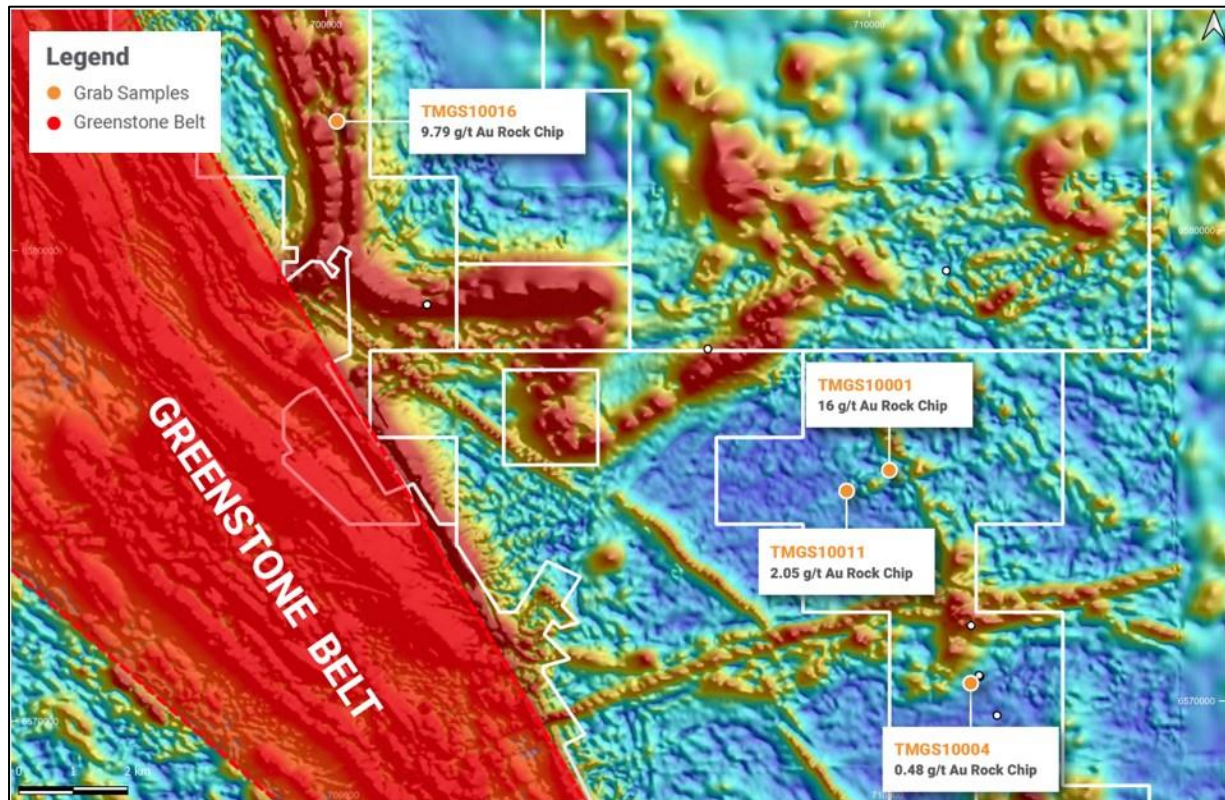


Figure 6: Bullfinch grab sample locations

Corporate

Managing Director appointed

Torque was pleased to announce the appointment of Mr Cristian Moreno as Managing Director⁴.

Since becoming the Company's CEO in April 2022, he has played a significant role in the development of Torque's highly successful drilling campaigns at the Paris Gold Project in Western Australia. He was also instrumental in the recent identification of potential nickel targets within the Company's tenements.

Torque Metals Board changes

Mr Patrick Burke assumed the role of Non-Executive Chairman as Mr Ian Finch ceased in the role of Executive Chairman. Ian was a founder of Torque and instrumental in securing its flagship Paris Gold Project and the listing of the Company on the ASX in June 2021, he continues his involvement with the company as a Non-Executive Director⁵.

Capital Structure

- 77,818,519 Ordinary Shares on issue;
- 38,509,092 Unlisted Options on issue; and
- 13,000,000 Performance Rights on Issue

Cash Balance as of 31 December 2022 was \$1.5 million.

Other

1. ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure spent during the quarter was \$ 839,000. Full details of exploration activity during the December 2022 quarter are set out in this report.
2. ASX Listing Rule 5.3.2: There were no mining production or development activities during the quarter.
3. ASX Listing Rule 5.3.5: Payments to related parties of the Company and their associates during the quarter was \$ 201,154.
4. ASX Listing Rule 5.3.4: Use of Funds

The Company was admitted to the official list of the ASX on 23 June 2021 with official quotation commencing 25 June 2021 and provides the following information with respect to its Use of Funds Statement set out in its Prospectus dated 14 April 2021 and its actual expenditure since admission to ASX.

Expenditure Item	Use of Funds	Actual Expenditure 23 June 21 to 31 December 2022	Variance Favourable / (Unfavourable)
Existing cash reserves	-	28,000	28,000
Funds raised from the offer	5,000,000	5,500,000	500,000
Sub Total	5,000,000	5,528,000	528,000
Option entitlement (net)	-	126,000	126,000
Share placement (net)	-	2,820,000	2,820,000
Total	5,000,000	8,474,000	3,474,000
Use of Funds			
Evaluation and exploration of the Paris Gold Project	2,540,000	4,065,000	¹ (1,525,000)
Evaluation and exploration of the Bullfinch Project	535,000	411,000	¹ 124,000
Estimated expenses of the Offers	475,000	531,975	(56,975)
Administration and general working capital	810,520	1,034,715	¹ (224,195)
Director salaries and fees (including Executive Directors)	639,480	657,000	¹ (17,520)
Other	-	274,310	(274,310)
Total Expenditure	5,000,000	6,974,000	(1,974,000)
Closing Cash on Hand	-	\$1,500,000	1,500,000

Note: The variances are s due to timing differences of the Prospectus forecast of 2 years against a 12-month cash actual from 25 June 2021.

Related Party Payments

During the quarter ended 31 December 2022, the Company made payments of \$ 201,154 to related parties and their associates. The payments relate to existing remuneration arrangements including directors' fees and superannuation.

ASX Announcements

This Quarterly Activities Report contains information reported in accordance with JORC 2012 in the following announcements released during the December quarter. Full details of the exploration results referred to herein including relevant JORC information can be accessed in the following announcements released by the Company to the ASX during the December quarter.

10 October 2022 – Torque appoints Managing Director

26 October 2022 – Board Changes

16 November 2022 – Drilling set to recommence at 2.5km Paris Gold Camp

23 November 2022 – Torque Expands Paris Gold/Nickel Footprint

12 December 2022 – Significant Rare Earth Potential Discovered at Bullfinch

TENEMENT INFORMATION REPORTED AS REQUIRED BY ASX LISTING RULE 5.3.3.

Tenement	Project Name	Registered Holder	Area	Status	Beneficial Interest
M 15/1175	Paris Gold	Torque Metals Ltd	9.299 ha	Granted	100%
M 15/479	Paris Gold	Torque Metals Ltd	965.2 ha	Granted	100%
M 15/480	Paris Gold	Torque Metals Ltd	976.65 ha	Granted	100%
M 15/481	Paris Gold	Torque Metals Ltd	930.85 ha	Granted	100%
M 15/482	Paris Gold	Torque Metals Ltd	855.6 ha	Granted	100%
M 15/496	Paris Gold	Torque Metals Ltd	911.5 ha	Granted	100%
M 15/497	Paris Gold	Torque Metals Ltd	989.85 ha	Granted	100%
M 15/498	Paris Gold	Torque Metals Ltd	998.55 ha	Granted	100%
M 15/1719	Paris Gold	Torque Metals Ltd	120.15 ha	Granted	100%
P 15/5992	Paris Gold	Torque Metals Ltd	8.84 ha	Granted	100%
P 15/6149	Paris Gold	Torque Metals Ltd	30 ha	Granted	100%
E 15/1736	Paris Gold	Jindalee Resources Ltd*	1 bl	Granted	80%
E 15/1747	Paris Gold	Jindalee Resources Ltd*	4 bl	Granted	80%
E 15/1752	Paris Gold	Jindalee Resources Ltd*	20 bl	Granted	80%
E15//1904	Paris Gold	Torque Metals Ltd	1 bl	Application	100%
E15/1916	Paris Gold	Torque Metals Ltd	18 bl	Application	100%
E15/1961	Paris Gold	Torque Metals Ltd	3 bl	Application	100%
E 77/2522	Bullfinch	Torque Metals Ltd	70 bl	Granted	100%
E 77/2222	Bullfinch	Torque Metals Ltd	27 bl	Granted	100%
E 77/2251	Bullfinch	Torque Metals Ltd	2 bl	Granted	100%
E 77/2350	Bullfinch	Torque Metals Ltd	64 bl	Granted	100%
E 77/2607	Bullfinch	Torque Metals Ltd	16 bl	Granted	100%
E77/2939	Bullfinch	Torque Metals Ltd	19 bl	Application	100%

**Torque completed 80% earn-in during the December quarter and on final approval from DMIRS the tenements will be transferred to Torque, while Jindalee Resources Ltd will retain at 20% free carried interest*

Torque Metals Limited is the Manager of all Tenements.

P: Prospecting License | E: Exploration License | M: Mineral License

Competent Person Statement

The information in this quarterly report that relates to Exploration Results is based on information previously announced by Mr Cristian Moreno, who is a Member of the Australasian Institute of Mining and Metallurgy as well a Member of the Australian Institute of Company Directors. Mr Moreno is an employee of Torque Metals Limited (“the Company”), is eligible to participate in short and long-term incentive plans in the Company and holds performance rights in the Company as has been previously disclosed. Mr Moreno has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Moreno consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

This report may contain certain “forward-looking statements” which may not have been based solely on historical facts, but rather may be based on the Company’s current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions, and other factors which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Readers should not place undue reliance on forward looking information. The Company does not undertake any obligation to release publicly any revisions to any “forward-looking statement” to reflect events or circumstances after the date of this report, or to reflect occurrence of unanticipated events, except as may be required in applicable securities laws.

This announcement has been authorised by the board of directors of Torque Metals. For more information contact,

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¹ ASX Announcement 16 November 2022 – Drilling set to recommence at 2.5km Paris Gold Camp

² ASX Announcement 23 November 2022 – Torque expands Paris Gold/Nickel Footprint

³ ASX Announcement 12 December 2022 – Significant Rare Earth Potential Discovered at Bullfinch

⁴ ASX Announcement 10 October 2022 – Torque appoints Managing Director

⁵ ASX Announcement 26 October 2022 – Board Changes

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Torque Metals Limited

ABN

44 621 122 905

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(21)	(77)
(e) administration and corporate costs	(124)	(245)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Promotion and Events	(22)	(114)
1.9 Net cash from / (used in) operating activities	(167)	(436)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(4)	(87)
(d) exploration & evaluation	(839)	(1,585)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(843)	(1,672)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	167	167
3.10	Net cash from / (used in) financing activities	167	167

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,343	3,441
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(167)	(436)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(843)	(1,672)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	167	167

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,500	1,500

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,500	2,343
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,500	2,343

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(23)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	(178)

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(167)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(839)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,006)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,500
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,500
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.5
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: No. During the December Quarter the Company undertook a significant drilling campaign, results for which are pending. The Company will plan next steps based on its evaluation of these results.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: There is not a current funding requirement, however the Board regularly reviews its financial position and should the need for funding arise the Company is confident given its strong fundraising history that it will be able to raise funds as required.	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes. refer 8.8.2 above.	
.	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2023

Authorised by: By The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.