



**QUEBEC PRECIOUS METALS CORPORATION**  
(formerly Canada Strategic Metals)

(an exploration company)

**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the three and nine month periods ended October 31, 2018  
(Third quarter)

# MANAGEMENT DISCUSSION AND ANALYSIS

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This management discussion and analysis ("MD&A") of Quebec Precious Metals Corporation (the "Company") complies with Rule 51-102A of the Canadian Securities Administrators regarding continuous disclosure.

The MD&A is a narrative explanation, through the eyes of the management of the Company, of how the Company performed during the nine-month period ended October 31, 2018, and of the Company financial condition and future prospects. This discussion and analysis complements the unaudited condensed interim financial statements for the nine-month period ended October 31, 2018 but does not form part of them.

The condensed interim financial statements do not include all the information and notes required for the purpose of audited annual financial statements. The accountings methods used are the same that those used for the purpose of audited annual financial statements for the fiscal year ended January 31, 2018, prepared in accordance with the IFRS as they are published by the International Accounting Standards Board ("IASB"). Therefore, this discussion and analysis should be read in conjunction with the unaudited condensed interim financial statements as at July 31, 2018 and notes thereto, as well as the audited consolidated financial statements and notes thereto and the MD&A for the fiscal year ended January 31, 2018.

## DATE

The MD&A was prepared on the basis of information available as at December 14, 2018.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that reflect the Company's current expectations regarding future events. To the extent that any statements in this document contain information that is not historical, the statements are essentially forward-looking and are often identified by words such as "anticipate", "expect", "estimate", "intend", "project", "plan" and "believe". Forward-looking statements involve risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. There are many factors that could cause such differences, particularly: volatility and sensitivity to market metal prices; impact of change in foreign currency exchange rates and interest rates; imprecision in reserve estimates; environmental risks including increased regulatory burdens; unexpected geological conditions; adverse mining conditions; changes in government regulations and policies, including laws and policies; failure to obtain the necessary permits and approvals from government authorities; and other development and operating risks.

While the Company believes that the assumptions underlying in the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this document. The Company disclaims any intention or obligation to update or revise any forward-looking statement, whether or not it should be revised because of new information, future events or otherwise, unless required to do so by the applicable securities laws.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## NATURE OF ACTIVITIES

Quebec Precious Metals Corporation is incorporated under the Canada Business Corporations Act. The Company was involved in the acquisition, exploration and development of mining projects. The Company is active in Canada.

On June 27, 2018, the Company and Matamec Explorations Inc. ("Matamec") entered into a business combination (the "Business Combination") by way of a plan of arrangement approved by an order of the Superior Court of Canada. Pursuant to the Business Combination, the Company changed its name to Quebec Precious Metals Corporation. It also undertook a consolidation of its common shares on the basis of one post-consolidation common share for 4.16 pre-consolidation common shares.

## OVERALL PERFORMANCE

### EYOU ISTCHEE BAIE-JAMES, QUÉBEC

#### SAKAMI – GOLD PROJECT

##### Project Description

The Sakami project consists of one large contiguous block of 213 mineral claims totaling 10,736.37 hectares (107.36 km<sup>2</sup>) following the addition of 81 claim cells of the Apple project included in the zone of interest of 5 kilometers. The project is located approximately 570 km north of Val-d'Or and 900 km north northwest of Montreal. The project is subject to a Net Smelter Return ("NSR") of 1% on certain claims and a NSR of 2% on 81 claims, half of which can be bought back for \$1,000,000.

##### Work done during the period

Exploration and evaluation expenses of \$1,605,868 were incurred on the Sakami project during the period ended October 31, 2018.

On September 10, 2018, the Company announced the drill results for all 21 holes of the 2018 drilling program on the project (see below). The program totalled 7,226 m of drilling.

##### Highlights of the 7,226 m 2018 drill campaign:

- PT-18-116: 3.89 g/t Au over 14.9 m including 4.26 g/t Au over 11.9 m.
- PT-18-118: 3.22 g/t Au over 31.5 m including 5.11 g/t Au over 15.0 m.
- PT-18-120: 3.59 g/t Au over 27.0 m including 5.06 g/t Au over 15.0 m.
- PT-18-127: ended at 502 m with 2.04 g/t Au over 2.5 m.
- Drilling to date has outlined a mineralized area of 800 m long by 450 m wide along dip and to a depth of 400 m below surface.
- There is a significant potential for further extending mineralization at depth and to the west.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Mineralized intersections from drill program and drill hole coordinates

Hole	UTM E	UTM N	Length (m)	Azimuth	Dip	From (m)	To (m)	Interval (m)	Au g/t
<b>PT-18-107</b>	375310	5895040	312.0	3.4	-66	250.5	256.5	<b>6.0</b>	<b>1.31</b>
Including						253.5	256.5	<b>3.0</b>	<b>1.74</b>
PT-18-107						264.0	265.5	<b>1.5</b>	<b>1.28</b>
PT-18-107						289.5	291.0	<b>1.5</b>	<b>1.49</b>
<b>PT-18-108</b>	375213	5894986	363.0	2.0	-66	285.0	313.5	<b>28.5</b>	<b>0.62</b>
Including						304.5	313.5	<b>9.0</b>	<b>1.13</b>
Including						309.0	313.5	<b>4.5</b>	<b>1.46</b>
PT-18-108						319.5	325.5	<b>6.0</b>	<b>1.23</b>
<b>PT-18-109A</b>	375110	5895020	399.0	2.9	-69	295.5	358.5	<b>63.0</b>	<b>1.10</b>
Including						300.0	315.0	<b>15.0</b>	<b>3.08</b>
Including						304.5	309.0	<b>4.5</b>	<b>5.31</b>
Including						304.5	310.5	<b>6.0</b>	<b>4.81</b>
<b>PT-18-110</b>	375053	5894981	432.0	359.5	-64	343.5	354.0	<b>10.5</b>	<b>1.78</b>
Including						348.0	354.0	<b>6.0</b>	<b>2.15</b>
<b>PT-18-111</b>	375008	5894947	501.0	3.5	-68	385.5	390.0	<b>4.5</b>	<b>3.25</b>
PT-18-111						399.0	400.5	<b>1.5</b>	<b>1.27</b>
PT-18-111						415.5	418.5	<b>3.0</b>	<b>2.42</b>
PT-18-111						445.5	450.0	<b>4.5</b>	<b>1.14</b>
<b>PT-18-112</b>	375099	5894918	480.0	357.2	-70	403.5	415.5	<b>12.0</b>	<b>0.81</b>
<b>PT-18-113</b>	375162	5894871	472.5	357.9	-68	406.5	445.5	<b>39.0</b>	<b>0.69</b>
Including						406.5	411.0	<b>4.5</b>	<b>2.98</b>
PT-18-113						444.0	445.5	<b>1.5</b>	<b>3.40</b>
<b>PT-18-114</b>	375357	5894964	362.0	2.0	-64	286.5	309.0	<b>22.5</b>	<b>1.00</b>
Including						294.0	309.0	<b>15.0</b>	<b>1.23</b>
<b>PT-18-115</b>	375403	5894953	414.0	358.7	-66	270.0	277.5	<b>7.5</b>	<b>1.59</b>
PT-18-115						306.0	307.5	<b>1.5</b>	<b>2.53</b>
PT-18-115						412.5	414.0	<b>1.5</b>	<b>3.16</b>
<b>PT-18-116</b>	374962	5894910	485.0	352.7	-66	423.1	438.0	<b>14.9</b>	<b>3.89</b>
Including						423.1	435.0	<b>11.9</b>	<b>4.26</b>
<b>PT-18-117</b>	375402	5895126	213.0	3.0	-61	154.5	157.5	<b>3.0</b>	<b>4.72</b>
<b>PT-18-118</b>	375244	5895185	174.0	2.0	-55	103.5	135.0	<b>31.5</b>	<b>3.22</b>
Including						106.5	135.0	<b>28.5</b>	<b>3.47</b>
Including						112.5	127.5	<b>15.0</b>	<b>5.11</b>
Including						114.0	120.0	<b>6.0</b>	<b>6.66</b>
<b>PT-18-119</b>	375216	5895202	193.5	357.4	-52	115.5	117.0	<b>1.5</b>	<b>1.09</b>
PT-18-119						124.5	136.5	<b>12.0</b>	<b>1.49</b>
PT-18-119						142.5	151.5	<b>9.0</b>	<b>1.34</b>
PT-18-119						163.5	165.0	<b>1.5</b>	<b>1.15</b>
<b>PT-18-120</b>	375216	5895202	204.0	357.4	-65	117.0	144.0	<b>27.0</b>	<b>3.59</b>
Including						118.5	133.5	<b>15.0</b>	<b>5.06</b>
Including						118.5	129.0	<b>10.5</b>	<b>6.12</b>
PT-18-120						201.0	204.0	<b>3.0</b>	<b>1.43</b>

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Hole	UTM E	UTM N	Length (m)	Azimuth	Dip	From (m)	To (m)	Interval (m)	Au g/t
<b>PT-18-121</b>	375167	5895181	240.0	346.8	-61	150.0	178.5	<b>28.5</b>	<b>0.98</b>
Including						150.0	156.0	<b>6.0</b>	<b>2.05</b>
<b>PT-18-122</b>	375088	5895144	279.0	2.0	-64	217.5	235.5	<b>18.0</b>	<b>2.05</b>
Including						220.5	231.0	<b>10.5</b>	<b>2.41</b>
<b>PT-18-123</b>	375366	5895154	171.0	8.4	-60	112.5	117.0	<b>4.5</b>	<b>1.10</b>
PT-18-123						133.5	135.0	<b>1.5</b>	<b>2.67</b>
<b>PT-18-124</b>	375461	5895088	327.0	358.0	-74	148.5	178.5	<b>30.0</b>	<b>0.99</b>
Including						148.5	156.0	<b>7.5</b>	<b>1.45</b>
Including						169.5	178.5	<b>9.0</b>	<b>1.57</b>
PT-18-124						232.5	238.5	<b>6.0</b>	<b>2.38</b>
<b>PT-18-125</b>	375258	5894999	339.0	356.1	-63	277.5	280.5	<b>3.0</b>	<b>1.49</b>
PT-18-125						295.5	304.5	<b>9.0</b>	<b>1.78</b>
Including						301.5	304.5	<b>3.0</b>	<b>3.70</b>
PT-18-125						316.5	319.5	<b>3.0</b>	<b>1.40</b>
<b>PT-18-126</b>	375307	5894971	354.0	358.4	-64	289.5	309.0	<b>19.5</b>	<b>2.17</b>
Including						289.5	300.0	<b>10.5</b>	<b>3.12</b>
PT-18-126						333.0	336.0	<b>3.0</b>	<b>2.15</b>
<b>PT-18-127</b>	374910	5894910	512.1	353.3	-69	467.2	512.1	<b>44.9</b>	<b>0.59</b>
Including						471.0	480.0	<b>9.0</b>	<b>1.04</b>
Including						499.5	502.0	<b>2.5</b>	<b>2.04</b>

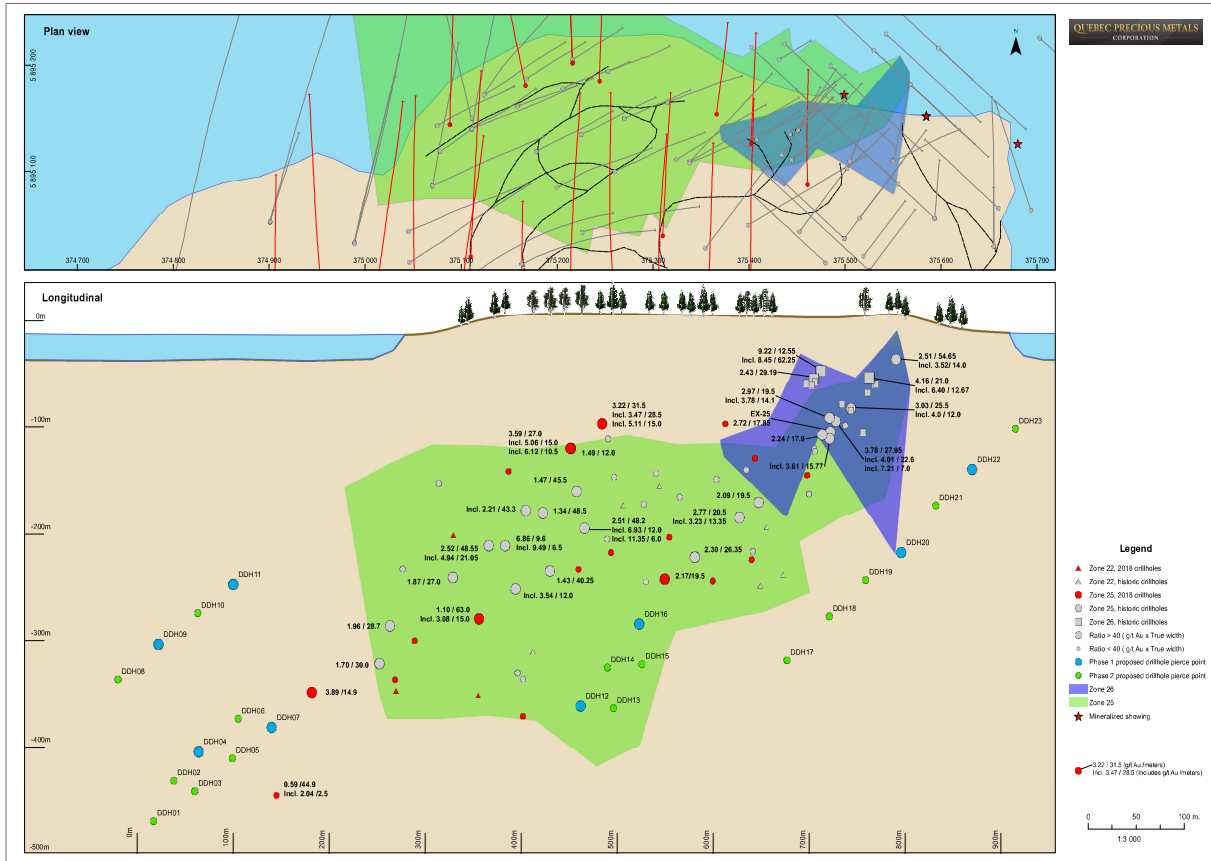
Footnotes:

1. True widths are estimated based on drill angle and interpreted geometry of mineralization and range from 70% to 95% of the drilled length.
2. All gold values are uncut.

A technical committee composed of representatives of Goldcorp Inc. ("Goldcorp") and the Company prepared and approved a \$1.8 million budget for surface exploration and diamond drilling through to the end of 2018 and into early 2019. The Company will advance the project through surface work and drilling to further define the gold-bearing system.

A minimum of 3,000 m of diamond drilling will be carried out to test the extensions down dip and at depth of high-grade zones, defined as being drill intersection of >40 g/t Au x metres drilled (gram-metres) identified during the winter 2018 drilling program, and the existence of subparallel zones at shallower depths (see figure below).

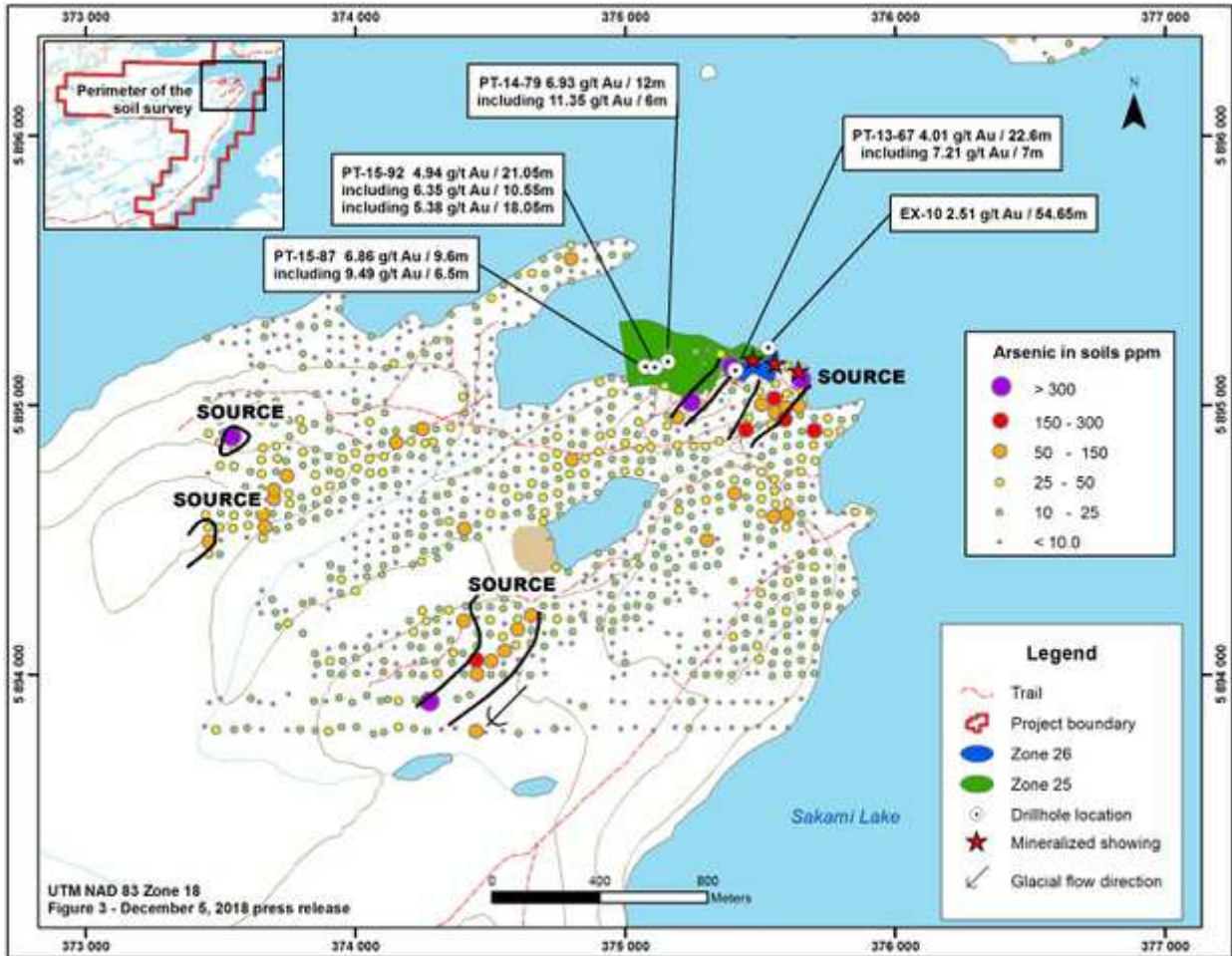
# MANAGEMENT DISCUSSION AND ANALYSIS



Multi-element analysis using the ICP method will be carried out on 1.5-metre samples selected from the holes drilled in the central part of the zone in order to: (1) improve the understanding of the spatial distribution of the gold and associated metals, including arsenic and antimony; and (2) map the alteration assemblages and establish unaltered lithogeochemical suites to assist with future core logging work and regional target reconnaissance.

In addition, 954 soil samples were collected to identify gold and indicator elements and test the possible presence of a western extension of the La Pointe zone. The results confirm the extension of the Sakami prospective corridor over a distance of approximately 2 km (see figure below).

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Large, strong, coincidental gold and arsenic anomalies with values significantly above the geochemical background have been identified in soil (B horizon). The anomalies remain open to the southwest, particularly to the west-southwest. In most cases, mineralization identified to date by prospecting, trenching and drilling shows a spatial correlation with the soil anomalies, as documented for the Éléonore gold deposit (mined by Goldcorp).

Soil anomalies suggest the presence of three source areas that may represent a strong mineralized system in the bedrock. These areas, which have not yet been tested by drilling, stand out as part of the wide Sakami prospective corridor with near-surface discovery potential.

## Exploration potential

Diamond drilling carried out to date on the La Pointe zone (127 holes, 22,700 m) has:

- Outlined a large mineralized zone 800 m long by 450 m wide down dip, at a depth of 400 m below the surface;
- Confirmed significant potential for extension of the mineralization at depth and to the west; and
- Defined two major gold-bearing zones (25 and 26) in the Yasinski sedimentary volcanic group (La Grande subprovince), metamorphosed to the amphibolite facies and strongly deformed by a regional WSW-ENE event. This assemblage, composed mainly of basaltic amphibolite with local sedimentary iron formations, is intersected by tonalitic intrusions that are also highly deformed. These units are structurally overlain by a sequence consisting mainly of biotit-rich paragneiss.

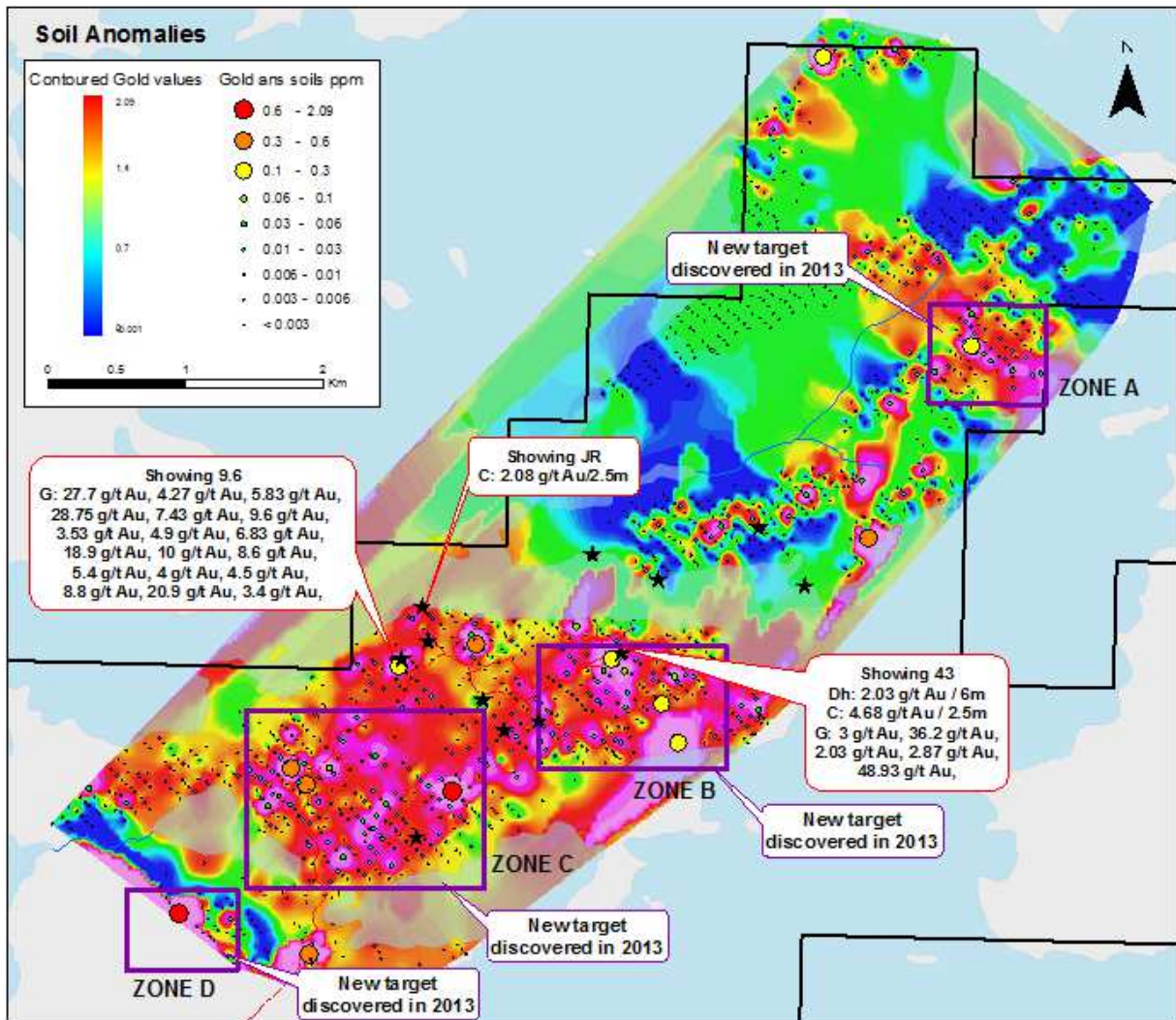


## MANAGEMENT DISCUSSION AND ANALYSIS

In addition, exploration to date on the JR-Simon-9.6 zone, located approximately 6 km NNE of the La Pointe sector (see figure below) has:

- Outlined a 3.8 km by 1.5 km, northeast-striking gold soil geochemistry anomaly; and
- Identified numerous high-grade surface showings that returned up to 28.75 g/t Au in grab samples but have not yet tested by drilling. The mineralization is hosted in the Yasinski Group basalts in contact with the sedimentary rocks of the Laguiche Group (Opinaca subprovince) to the east.

The details of the JR-Simon-9.6 exploration program will be finalized later this fall.



### APPLE – GOLD PROJECT

#### Project Description

The Apple project currently consists of 46 claims (23.77 km<sup>2</sup>) located 75 km northwest of the Éléonore mine operated by Goldcorp. It is wholly-owned by the Company. On August 16, 2016, 81 claims of the Apple project were transferred to the area of interest of the Sakami project. In winter, the project is accessible by a 400-km winter road from km 510 on the paved James Bay road. In summer, the project can be accessed by boat from the Trans-Taïga road.



## MANAGEMENT DISCUSSION AND ANALYSIS

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The project covers a portion of the Apple geological formation, which came to light in the early 1970s with the discovery of several extensive uranium-bearing pyrite matrix in quartz pebble conglomerate zones.

The Apple uranium deposit was in fact discovered in 1971 during an airborne survey. The International Nickel Company of Canada Limited ("INCO") and James Bay Development Corporation subsequently conducted an extensive joint exploration program from 1972 to 1975, with INCO as the operator. A total of 65 holes were drilled for a total of 14,000 metres, and the uranium-bearing conglomerates were traced over a distance of eight kilometres along an east-west trend.

In 1974, INCO performed a resource estimate on a one-kilometre section covering seven sub-vertically dipping zones. The historical estimate yielded 9.4 M tonnes grading 0.054%  $U_3O_8$  or 1.08 lb/ton for a total of 10.1 million pounds (GM 57894). This resource includes 4.3 million tons categorized as proven and probable and 5.0 million tons categorized as possible (a qualified person has not done sufficient work to classify the historical estimate as current mineral resources, the issuer is not treating the historical estimate as current mineral resources). The report by Robertson et al. (1986) establishes a resource of 8.5 M tonnes grading 0.052%  $U_3O_8$  (8.8 million pounds of  $U_3O_8$ ) contained in a nine-metre by one-kilometre wide envelope extending to a depth of 300 metres, and remaining open at depth (a qualified person has not done sufficient work to classify the historical estimate as current mineral resources, the issuer is not treating the historical estimate as current mineral resources). A correlation was established between the highest uranium grades and the pyrite content. INCO dropped the project in 1975, and it has not been explored for uranium since.

Virginia Gold Mines ("Virginia", now Osisko Gold Royalties Ltd.) explored the project between 1998 and 2001 to assess its gold potential. Significant showings were discovered but no drilling was done. The showings included the Buck showing discovered in an iron formation in 1998, which returned 20.15 g/t Au and 2.59 g/t Au over 3.5 m from channel sampling. Another showing discovered at the contact of volcanic rocks and a pegmatite in the summer of 2000 returned 23.82 g/t Au and 4.73 g/t Au in grab samples.

Several ultramafic horizons with anomalous PGE (platinum and palladium) values were also identified by the work done in 2000. The best results were 0.491 g/t Pt and 0.2347 g/t Pd.

The presence of albitized pegmatite with a quartzose core is also notable, with a halo of intense, pervasive tourmalinization, prismatic beryl crystals and proximity to ultramafic rocks with chromite mineralization (chromiferous actinolite is present in the skarned ultramafic rocks), which constitute the elements required to form emeralds.

In December 2013, the Company acquired 100% of Strateco's Apple project in exchange for a cash payment of \$10,000 and the issuance of 4,000,000 common shares of the Company. The agreement was also subject to a 2% NSR payable to Virginia, half of which can be bought back for \$1,000,000.

### **Work done during the period**

No exploration work was carried out on the project during the period.

### **CHEECHOO-ÉLÉONORE TREND – GOLD PROJECT**

#### **Project Description**

The Cheechoo-Éléonore Trend project is wholly-owned by the Company and consists of 551 claims (285.70 km<sup>2</sup>). The project is located in the extension of the axis connecting the gold discoveries on the Sakami and Apple projects, Goldcorp's Éléonore gold mine and the Chechoo gold discovery belonging to Sirios Resources Inc. ("Sirios"). The northwestern part of the project is adjacent to the Sakami and Apple projects, and the southeastern end is approximately 24 km northwest of the Éléonore mine, with a road accessible 14 km away. Given the same high level of metamorphism and similar auro-arsenic

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parageneses, the Company considers the project's geological setting to be comparable to that of the Sakami and Cheechoo discoveries and the Éléonore mine.

On April 25, 2018, the Company entered into an asset purchase agreement to acquire 100% of the Cheechoo-Éléonore Trend gold project owned 50%-50% by Sphinx Resources Ltd. ("Sphinx") and Sirios. The project was acquired on June 27, 2018, through the issuance of 600,000 common shares (post-consolidation). The next work program is currently in the planning stage as part of the overall work to be conducted on the Sakami and Apple projects.

### **Work done during the period**

No exploration work was carried out on the project during the period.

### **OPINACA GOLD WEST AND OPINACA LITHIUM – GOLD PROJECT**

#### **Project Description**

The Opinaca Gold West and Opinaca Lithium projects consists of 278 claims (145.67 km<sup>2</sup>) some 40 km west of the Éléonore mine. The projects are wholly-owned by the Company. The James Bay Highway crosses the projects. The claims extend over a distance of approximately 40 km and cover prospective sequences of volcano-sedimentary rocks striking generally east-west. Gold and arsenic geochemical anomalies have been identified on the Opinaca Gold West project.

The projects were acquired on June 27, 2018, as part of the Business Combination. A work program will be prepared in the near future.

### **Work done during the period**

Exploration and evaluation expenses of \$357 were incurred on the projects during the period ended October 31, 2018.

### **ANNABELLE – GOLD PROJECT**

#### **Project Description**

The Annabelle project consists of 353 claims covering 18,608.27 hectares (186,08 km<sup>2</sup>), 100% owned by the Company and located approximately 40 km west of Goldcorp's Éléonore deposit. The Annabelle project covers sequences of volcano-sedimentary rocks and intrusions of the Opinaca subprovince,

The project was acquired by map designation following a compilation of all the information available from the Ministry of Energy and Natural Resources ("MENR"). A work program will be prepared in the near future.

### **Work done during the period**

No exploration work was carried out on the project during the period.

### **BLANCHE – GOLD PROJECT**

#### **Project Description**

The Blanche project consists of 256 claims covering 13,092.25 hectares (130,92 km<sup>2</sup>), 100% owned by the Company. The Blanche project covers the volcano-sedimentary rocks of the La Grande subprovince. Several known gold showings are found on projects about 5 km south.

The project was acquired by map designation following a compilation of all the information available from the MENR. A work program will be prepared in the near future.

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## Work done during the period

No exploration work was carried out on the project during the period.

### CHARLES – GOLD PROJECT

#### Project Description

The Charles project consists of 61 claims (31,15 km<sup>2</sup>) 100% owned by the Company. It lies approximately 120 km northeast of the Éléonore mine. The Charles project covers the volcanico-sedimentary rocks of the La Grande subprovince. Several known gold showings are found on projects about 5 km south.

The project was acquired by map designation following a compilation of all the information available from the MENR. A work program will be prepared in the near future.

## Work done during the period

No exploration work was carried out on the project during the period.

### NEW GOLD – GOLD PROJECT

#### Project Description

The New Gold project consists of 49 claims covering 2,590.01 hectares (25.90 km<sup>2</sup>), 100% owned by the Company. It is located about 5 km northwest of the 167-Extension project, where Visible Gold Mines Inc. in 2014 discovered several erratic boulders containing gold, silver, copper and zinc mineralization.

The project was acquired by map designation following a compilation of all the information available from the MENR and an assessment of the erratic boulder dispersal train aimed at identifying the potential in-situ source of the boulders identified by Visible Gold Mines Inc. The project covers a strong SW-NE magnetic anomaly crossed by a NW-SE major structure. The junction of these two structures is located right in the middle of the project. A work program will be prepared in the near future.

## Work done during the period

No exploration work was carried out on the project during the period.

### CHEMIN TROÏLUS – GOLD PROJECT

#### Project Description

The Chemin Troilus project is wholly-owned by the Company and consists of 61 claims (33.15 km<sup>2</sup>). The project is located 25 km southwest of the former Troilus gold and copper mine and approximately 110 km north-northwest of Chibougamau with good road access. The project is located at the southwestern end of a northeastern-trending gold-copper corridor at the northern edge of the Frotet-Troilus greenstone belt. This corridor includes the Troilus mine, which was operated by Inmet Mining Corporation from 1997 to 2010 and produced over 2 million ounces of gold and 70,000 tonnes of copper. Prospecting work identified mineralized boulders in a northeast-striking 220 m by 45 m area within the corridor. The mineralized boulders, however, have not been explained by the preliminary drilling program and their source in the bedrock remains a priority for future exploration. In combination with the drilling, the result of till sampling programs confirm the sector's prospectivity. Further work will be needed to identify the source of the blocks.

On April 25, 2018, the Company entered into an asset purchase agreement to acquire 100% of the project owned by Sphinx. The project was acquired on June 27, 2018, through the issuance of 369,000

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common shares (post-consolidation). The Company plans to sell the project or identify a partner to continue exploring the project.

### **Work done during the period**

No exploration work was carried out on the project during the period.

### **OTHER PROJECTS**

#### **LAC-DES-ÎLES WEST – GRAPHITE PROJECT**

##### **Project Description**

The Lac-des-Îles West project consists of one large contiguous block of 74 mineral claims totalling 4,013.30 hectares (40.13 km<sup>2</sup>) that borders on the western edge of the Timcal Lac-des-Îles graphite mine, close to the town of Mont-Laurier, 183 km northwest of Montréal in southern Québec.

Further to an option agreement signed between the Company and Lomiko Metals (“Lomiko”) in February 2015, all the conditions of which having been met, Lomiko now owns 80% of the project.

On May 13, 2016, the Company and Lomiko agreed on the terms of an additional option agreement on the La Loutre and Lac-des-Îles West projects (the “Lomiko Projects”) allowing Lomiko to acquire up to a 100% interest in the Lomiko projects. Lomiko will also have to pay to the Company an amount of \$1,125,000, issue to the Company an 950,000 common shares of Lomiko (for a period commencing on the deemed exercise date of the additional option signed on February 6, 2015 and ending on December 31, 2018).

### **Work done during the period**

No exploration work was carried out on the project during the period.

#### **LA LOUTRE – GRAPHITE PROJECT**

##### **Project Description**

The La Loutre project consists of one large contiguous block of 48 mineral claims totaling 2,867.29 hectares (28.67 km<sup>2</sup>) located approximately 53 km east of Imerys Carbon and Graphite (formerly known as the Timcal Graphite Mine, North America’s only operating graphite mine) and 120 km northwest of Montréal.

Grab samples taken on the project returned up to 22.04% carbon flake graphite, and carbon purity test results returned up to 100.00% carbon purity in the large and extra-large flake graphite. The results of grab sampling and mapping on the project has confirmed a graphite-bearing structure covering an area of approximately 7 km by 1 km in multiple parallel zones 30 metres to 50 metres wide. Another area has also been identified covering an area of approximately 2 km by 1 km in multiple parallel zones of 20 metres to 50 metres wide, which includes results of up to 18% graphite. Grab samples are selective by nature and are unlikely to represent the average grade of a deposit.

On March 24, 2016, the Company filed a technical report titled “Technical Report and Mineral Resource Estimate for the La Loutre Project” on Sedar ([www.sedar.com](http://www.sedar.com)). The mineral resource estimate by InnovExplo Inc. is shown in the table below.

## MANAGEMENT DISCUSSION AND ANALYSIS

Indicated Resource				
Zone	Cut-off Cg (%)	Tonnage (metric tonne)	Grade Cg (%)	Graphite (metric tonne)
All Zones	> 3.0	4,137,300	6.50	268,800
	> 2.5	6,927,500	4.95	342,900
	> 2.0	15,181,200	3.49	529,200
	<b>&gt; 1.5</b>	<b>18,438,700</b>	<b>3.19</b>	<b>588,400</b>
	> 1.0	19,005,400	3.13	595,700
	> 0.8	19,137,500	3.12	596,900
	> 0.6	19,279,600	3.09	595,300
	> 0.5	19,381,900	3.09	598,400

Inferred Resource				
Zone	Cut-off Cg (%)	Tonnage (metric tonne)	Grade Cg (%)	Graphite (metric tonne)
All Zones	> 3.0	6,181,000	6.11	377,600
	> 2.5	9,699,200	4.86	471,800
	> 2.0	15,332,000	3.92	600,300
	<b>&gt; 1.5</b>	<b>16,675,100</b>	<b>3.75</b>	<b>624,900</b>
	> 1.0	16,927,300	3.71	628,000
	> 0.8	17,120,500	3.68	629,700
	> 0.6	17,306,700	3.63	628,100
	> 0.5	17,400,900	3.63	631,600

The results of a 1,550 m drill program conducted in 2017 in the Refractory sector intercepted multiple zones of graphite mineralization. The results are shown in the table below.

Drill Hole #	From (m)	To (m)	Length (m)	Gp %
LL-16-001	3.90	139.50	135.60	7.74
Including	3.90	48.00	44.10	16.81
Including	135.00	138.00	3.00	14.85
LL-16-002	3.90	26.20	22.30	17.08
Including	<b>113.90</b>	129.00	15.10	14.80
LL-16-003	30.20	141.00	110.80	14.56
LL-16-004	NVS			
LL-16-005	55.80	57.40	1.60	13.35
LL-16-006	54.00	141.00	85.00	7.67***
Including	109.50	141.00	31.50	13.09
LL-16-007	52.50	115.80	63.30	8.51
Including	69.00	85.50	16.50	15.75
LL-16-008	109.50	121.50	12.00	3.91
LL-16-009	NVS			
LL-16-010	31.20	45.00	13.80	4.14
Including	72.00	147.00	75.00	4.60

\*\*\* Length along the core. The Company does not have enough information to estimates the true width of the mineralized zone intersected in the drill holes.

On May 13, 2016, the Company and Lomiko agreed on the terms of an additional option agreement on the La Loutre and Lac-des-îles West projects allowing Lomiko to acquire up to 100% interest in the projects. Lomiko will also have to pay to the Company an additional amount of \$1,125,000, issue to the Company an additional 950,000 common shares of Lomiko (450,000 shares received during the year in total for both projects) for a period commencing on the deemed exercise date of the Additional Option signed on February 6, 2015 and ending on December 31, 2018.

At October 31, 2018, Lomiko owned 80% of the project.

### Work done during the period

Exploration and evaluation expenses on La Loutre project for an amount of \$10,575 of which \$15,063 were incurred by Lomiko following the signature of the option agreements.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## SOMANIKE – NICKEL AND GOLD PROJECT

### Project Description

The Somanike project consists of 111 claims (51.46 km<sup>2</sup>) and is wholly-owned by the Company. It lies approximately 25 km northwest of the town of Malartic, in the Abitibi region. The project was named as part of the signing of a cooperation agreement with the Abitibiwinni First Nation, based in Pikogan, Quebec. It is more than 14 km long and consists of Archean volcanic rocks (the Malartic and Louvicourt groups) and sedimentary rocks of the Kewagama Group. Sphinx has been conducting exploration work to develop the project's nickel and gold potential since 2014. The project area includes the former Marbridge underground nickel-copper mine, which produced 774,227 tonnes of ore grading 2.28% nickel and 0.1% copper between 1962 and 1968, with four deposits discovered by surface prospecting and drilling between 1957 and 1966. Marbridge is the only nickel mine in the Abitibi region to date and is the first nickel sulphide deposit in Quebec associated with komatiitic volcanic rocks.

On April 25, 2018, the Company signed an asset purchase agreement to acquire 100% of the project owned by Sphinx. The project was acquired on June 27, 2018, through the issuance of 531,000 common shares (post-consolidation).

### Work done during the period

On August 20, 2018, the Company entered into an agreement with Vanicom Resources Limited ("Vanicom") on the Somakine project. The agreement provides that Vanicom may acquire 100% interest in the project in consideration of a total of \$25,000 in cash payments at the signature of the Agreement (payment paid). Vanicom had also to \$125,000 in common shares of Vanicom and engage \$600,000 in exploration expenditures no later than June 15, 2021.

## ZEUS – RARE EARTHS PROJECT

### Project Description

The Zeus project consists of 65 claims (38.32 km<sup>2</sup>) located in the Témiscamingue RCM in southwestern Quebec. It is wholly-owned by the Company. These claims are adjacent to the Kipawa deposit claims, which are also wholly-owned by the Company (see description below). The project is located 140 km south of Rouyn-Noranda and 90 km northeast of North Bay, Ontario. It lies in the Grenville geological province, approximately 55 km south of the contact with the Superior province. The lithologies consist mainly of gneiss with a grade of metamorphism ranging from the green schist facies to the amphibolite-granulite facies. Twelve heavy rare earth showings have been identified on the project, some of which contain niobium and tantalum.

The project was acquired on June 27, 2018, as part of the Business Combination. The Company intends to find one or more third parties to participate in the project.

### Work done during the period

No exploration work was carried out on the project during the period.

## KIPAWA PROJECT - RARE EARTHS PROJECT

### Project Description

The Company has a 68% interest in the Kipawa project. The project consists of 22 claims (12,96 km<sup>2</sup>) and is owned by *Société en coparticipation coentreprise terres rares Kipawa* ("SCCK"). Ressources Québec Inc. holds 32% interest. These claims are contiguous to the claims of the Zeus project, which is also wholly-owned by the Company (see description above). The project is located in the

## MANAGEMENT DISCUSSION AND ANALYSIS

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Témiscamingue region of Quebec, 140 km south of Rouyn-Noranda and 90 km northeast of North Bay, Ontario. The rare earth mineralization lies within the syenite of the Kipawa alkaline complex.

On September 4, 2013, Matamec announced the results of a feasibility study for the Kipawa project (the "study"). The study, which was prepared by Roche Ltd. and GENIVAR Inc. with the support of SGS Geostat and Golder Associates Ltd., showed that the project was technically and economically feasible. On September 18, 2014, Matamec and Toyotsu Rare Earth Canada Inc. ("TRECan") signed a termination agreement for the Kipawa project, pursuant to which Matamec paid TRECan \$280,000 and TRECan converted its undivided 49% interest in the project into a 10% interest on net profits from future production.

On September 24, 2017, SCKK decided to stop its development activities for the Kipawa project and then its research activities with various university partners and government agencies. The project was acquired on June 27, 2018, following the business combination by way of a plan of arrangement approved by an order of the Superior Court of Canada with Matamec. The Company intends to find one or more third parties to participate in the project.

### **Work done during the period**

No exploration work was carried out on the project during the period but this item was offset by a credit note.

### **TANSIM – LITHIUM PROJECT**

#### **Project Description**

The Tansim project consists of 65 claims (37.66 km<sup>2</sup>) in the Témiscamingue RCM. The Company owns a 50% interest in the project. The Tansim project is part of the Pontiac geological subprovince, located south of the Abitibi subprovince, part of the Archean Superior province. The lithologies consist of a group of Late Archean metasedimentary-metavolcanic-granitoid-gneiss rocks.

On January 22, 2018, Matamec announced that it had granted an option on 65 claims to Sayona Québec Inc. ("Sayona"), a subsidiary of Sayona Mining Corp., an Australian company.

This option is for a period of two years from the signature date of the agreement, January 18, 2018. In the first year, Sayona may acquire 50% of the 65 claims by paying a total of \$103,587 for the claim renewal fees, or \$63,587 (amount paid) by carrying out exploration work before January 31, 2018 on 50 claims and paying the renewal fees for the remaining claims. In addition, Sayona was required to spend \$200,000 on exploration work and pay Matamec \$100,000. The agreement was amended by the parties on November 13, 2018, to extend the deadline to complete the work and make the \$100,000 payment from January 31, 2019, to April 19, 2019.

If Sayona wishes to earn an additional 50% interest to hold 100% of the project, it must spend \$350,000 on exploration work and pay Matamec \$250,000 in the second year. Matamec will also receive a 2% NSR on the production of minerals mined on the project.

The projects were acquired on June 27, 2018, as part of the Business Combination.

### **Work done during the period**

Sayona announced in August 2018, that current exploration program at Tansim is aimed at defining drilling targets at the Viau-Dallaire and Viau prospects. Viau-Dallaire is a pegmatite dyke measuring 300 m long and between 12 and 20 m thick. At the second prospect, Viau, pegmatites have been mapped over an area up to 200 m long and 30 m wide. A recent airborne geophysics survey has confirmed a strong east-west magnetic anomaly that corresponds with historical surface mapping of pegmatites over an area measuring 9 km long and up to 700 m wide. In addition, the host intermediate/mafic magnetic rocks confirmed by the survey are intruded by sub-parallel lithium,



## MANAGEMENT DISCUSSION AND ANALYSIS

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beryllium and tantalum-bearing, granitic pegmatite dykes. Drilling is currently at the planning stage, and is expected to be carried out in the winter of 2019.

On September 14, 2018, Sayona fulfilled his obligations and holds 50% in the project.

Exploration and evaluation expenses totaling \$ 23,669 were incurred during the period ended October 31, 2018.

### **VALMONT – COPPER-LEAD-ZINC-SILVER AND GOLD PROJECT**

#### **Project Description**

The Valmont project consists of 114 claims (63.36 km<sup>2</sup>) and is located in the north central part of the Gaspé Peninsula, northwest of the McGerrigle Mountains and some 21 km south of the coastal village of Marsoui. The project is part of a broad band of Ordovician sedimentary rocks some tens of kilometres long in the Appalachian geological province. On the Valmont project, the Candego deposit, which has been mined, is a quartz carbonate-lead-zinc vein-type deposit lying alongside or near a schistose zone commonly called the Candego fault.

The project was acquired on June 27, 2018, as part of the Business Combination. The Company plans to sell the project or identify a partner to continue exploring the project.

#### **Work done during the period**

No exploration work was carried out on the project during the period.

### **VULCAIN – COPPER-ZINC PROJECT**

#### **Project Description**

The Vulcain project consists of 68 claims (40.05 km<sup>2</sup>) located in Haute-Gatineau. It is wholly-owned by the Company. A deposit located on the project beneath Renzy Lake was mined from 1969 to 1972, known as the Renzy Mine, with approximately 718,000 tonnes of ore mine, grading 0.7% Ni and 0.7% Cu. Quebec's Ministère de l'Énergie et des Ressources Naturelles will carry out rehabilitation work in 2019 on the area of the old mining operation. The deposit and nickel-copper showings on the project are all hosted by ultramafic sills. These sills, which vary in width from 10 to 300 m and are up to 3 km long, lie in the paragneisses of the Grenville geological province supergroup.

The project was acquired on June 27, 2018, as part of the Business Combination.

The Company plans to sell its interest in the project or identify a partner to pursue exploration.

#### **Work done during the period**

No exploration work was carried out on the project during the period.

### **CASA-DÉTOUR – GOLD PROJECT**

#### **Project Description**

The Casa-Détour project consists of 221 claims (116.39 km<sup>2</sup>) in the Témiscamingue RCM and is wholly-owned by the Company. It is located north of La Sarre, in the Abitibi region of northwestern Quebec, near the Casa Berardi mine, which is owned and operated by Hecla Mining. The project is in the northern part of the Abitibi subprovince, part of the Superior province, and is within the Harricana-Turgeon volcanic belt. The regional geology is characterized by a mixed assemblage of mafic volcanic rocks and sedimentary formations bounded by a large granodiorite to granite batholith.

# MANAGEMENT DISCUSSION AND ANALYSIS

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The project was acquired on June 27, 2018, as part of the Business Combination.

## **Work done during the period**

No exploration work was carried out on the project during the period.

### **FABRE – COBALT PROJECT**

#### **Project Description**

The Fabre project consists of 57 claims (33.14 km<sup>2</sup>) in the Témiscamingue RCM and is wholly-owned by the Company. The project covers the sedimentary rocks of the cobalt group of the Huronian supergroup, Nipissing diabase dikes and Archean volcanic rocks.

The project was acquired on June 27, 2018, as part of the Business Combination.

## **Work done during the period**

No exploration work was carried out on the project during the period.

### **NEW PROJECT – RARE EARTHS PROJECT**

#### **Project Description**

The Fabre project consists of 27 claims (15.93 km<sup>2</sup>) in southwestern Quebec and is wholly-owned by the Company. The project was staked to explore the area's rare earth potential. The project lies in the Grenville geological province.

The project was acquired on June 27, 2018, as part of the Business Combination.

## **Work done during the period**

No exploration work was carried out on the project during the period.

### **ONTARIO PROJECT**

#### **Project Description**

The Company holds a 50% interest in 60 mineral titles (12,0 km<sup>2</sup>) of the Matheson-Explorers project owned by the Matheson joint venture, located in the Timmins mining camp in Ontario. International Explorers and Prospectors Inc. ("IEP") owns the other 50%. The project is subject to a 1.5% NSR payable to IEP of which 0.75% can be bought back for \$ 1,500,000, a 1.5% NSR payable to Amalco of which 0.75% can be bought back for \$ 750,000 and NSR of 1% to certain persons or companies on certain mineral titles, of which 0.5% can be bought back for \$ 500,000.

This project is part of the stratigraphic assemblages that contain most of the gold deposits of the Timmins mining camp. A number of exploration targets have been identified by past exploration programs but have not been systematically tested by drilling.

The project was acquired on June 27, 2018, as part of the Business Combination. The Company plans to sell its interest in the project or identify a partner to continue exploring the projects.

## **Work done during the period**

No exploration work was carried out on the projects during the period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Persons in Charge of Technical Disclosure

Normand Champigny, Ing., Chief Executive Officer, and Jean-Sebastien Lavallée (OGQ #773), Vice-President Exploration, respectively, of the Company and both Qualified Persons under *NI 43-101 on standards of disclosure for mineral projects*, have prepared and approved the technical content of this MD&A for the projects.

## RESULTS OF OPERATIONS

The Company anticipates that, for the foreseeable future, quarterly results of operations will primarily be impacted by several factors, including the timing of exploration and the efforts and timing of expenditures related to the development of the Company's properties. Due to fluctuations in these factors, the Company believes that the period-to-period comparisons of operating results are not a good indication of its future performance.

The comments below provide an analysis of the operating results for the nine-month fiscal period ended October 31, 2018. The selected financial information shown below is taken from the condensed unaudited interim financial statements for each of the nine-month periods indicated.

### FINANCIAL HIGHLIGHTS

	October 31 ( 9 months)	
	2018	2017
Salary & General administrative expenses	\$ 214,479	\$ 79,613
Registration, listing fees and shareholders'	\$ 275,335	\$ 103,415
Professional and consultant fees	\$ 619,505	\$ 78,598
Depreciation of equipment	\$ 7,371	\$ -
Part XII.6 taxes	\$ 7,073	\$ -
Change in fair value of the marketable securities	\$ 141,650	\$ -
Impairment of exploration and evaluation assets	\$ (10,485)	\$ (22,776)
	<u>\$ 1,254,928</u>	<u>\$ 398,222</u>
Revenues	\$ 13,796	\$ 1,634
Loss on disposal of property, plant and equipment	\$ (31,043)	\$ -
Gain on write-off of debt	\$ 45,492	\$ -
Loss before income taxes	<u>\$ 1,226,683</u>	<u>\$ 396,588</u>
Deferred income taxes	<u>\$ (298,197)</u>	<u>\$ (227,695)</u>
Total net loss (income) for the period	<u>\$ 928,486</u>	<u>\$ 168,893</u>
Cash	<u>\$ 4,250,087</u>	<u>\$ 203,670</u>

### Revenues

Revenues for the nine-month period ended October 31, 2018 amounted to \$13,796 (\$1,634 in 2017). This item consisted of management revenues. Given its status as a mining exploration company, the Company does not generate any steady income, and must finance its activities by issuing equity.

### Salary & General Administrative Expenses

Salary and general administrative expenses for the nine-month period ended October 31, 2018, consisted mainly of general office expenditures, travel expenses, promotional activities, salaries and fringe benefits and the Company's claim renewal expenses. These fees were \$134,866 higher than the prior period due to higher claim renewal expenses and insurance costs, as well as the payment of the

## MANAGEMENT DISCUSSION AND ANALYSIS

social contributions relating to directors' fees owing to certain Matamec directors and settled through the issuance of shares.

### Registration, Listing Fees and Shareholder Information

Registration, listing fees and shareholder information expenses for the nine-month period ended October 31, 2018, consisted mainly of expenditures of a legal and regulatory nature incurred to comply with the requirements of the securities commission. The increase of \$171,920 from the previous period was mainly due to higher publication expenses, transfer agent fees, investor relations expenses and shareholder information expenses. Most of these expenses were incurred for the annual and special meeting and to close the two companies' plan of arrangement.

### Professional and Consultant Fees

Professional and consulting fees for the nine-month period ended October 31, 2018, consisted primarily of expenses of a legal and accounting nature, as well as audit, business development and management expenses. These fees were \$540,907 higher than the prior period due to an increase in professional fees, legal and accounting expenses in order to conclude the plan of arrangement.

### Stock-Based Compensation

Share-based payments and compensation for the nine-month period ended October 31, 2017, represent the charge related to the value of the 1,855,000 stock options granted to directors, officers and consultants. A compensation charge of \$146,754 was thus assigned in relation to the stock options granted during the period, using the Black-Scholes model.

### SUMMARY OF QUARTERLY RESULTS

The comments below provide an analysis of the operating results for the three-month period ended October 31, 2018. [("Q3 F2019")] The selected financial information shown below is taken from the condensed unaudited interim financial statements for each of the three-month periods indicated.

#### FINANCIAL HIGHLIGHTS

	October 31 ( 3 months)	
	2018	2017
Salary & General administrative expenses	\$ 125,385	\$ 15,060
Registration, listing fees and shareholders'	\$ 39,522	\$ 41,532
Professional and consultant fees	\$ 201,914	\$ 5,249
Depreciation of equipment	\$ 5,343	\$ -
Part XII.6 taxes	\$ 1,837	\$ -
Loss on receivable settlement	\$ -	\$ -
Change in fair value of the marketable securities	\$ 23,850	\$ -
Impairment of exploration and evaluation assets	\$ (11,283)	\$ -
	<u>\$ 386,568</u>	<u>\$ 61,841</u>
Revenues	\$ 10,503	\$ 99
Loss on disposal of property, plant and equipment	\$ (33,355)	\$ -
Gain on write-off of debt	\$ 45,492	\$ -
Loss before income taxes	\$ 363,928	\$ 61,742
Deferred income taxes	\$ (27,117)	\$ (72,150)
Total net loss (income) for the period	<u>\$ 336,811</u>	<u>\$ (10,408)</u>
Cash	<u>\$ 4,250,087</u>	<u>\$ 203,670</u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Revenues

Revenues for the three-month period ended October 31, 2018, amounted to \$10,503 (\$99 in 2017) and consisted of management revenues. Given its status as a mining exploration company, the Company does not generate any steady income, and must finance its activities by issuing equity.

## Salary & General Administrative Expenses

Salary and general administrative expenses for the three-month period ended October 31, 2018, consisted mainly of general office expenditures, travel expenses, promotional activities, salaries and fringe benefits and the Company's claim renewal expenses. These fees were \$110,325 higher than the prior period due to higher claim renewal fees, salaries, travel expenses, promotional activities, as well as the payment of the social contributions relating to directors' fees owing to certain Matamec directors and settled through the issuance of shares.

## Professional and Consultant Fees

Professional and consulting fees for the three-month period ended October 31, 2018, consisted primarily of expenses of a legal and accounting nature, as well as audit, business development and management expenses. These fees were \$196,665 higher than the prior period due to an increase in consulting fees, business development as well as legal and accounting expenses in order to conclude the plan of arrangement.

The selected financial information below was taken from the Company's unaudited condensed financial statements for each of the following quarters:

\$000s of \$ except for share data	October 31 2018	July 31 2018	Apr. 30 2018	Jan. 31 2018	Oct. 31 2017	July 31 2017	Apr. 30 2017	Jan. 31 2017
Revenues	11	3	-	14	-	-	2	10
Net profit (loss)	(337)	(570)	(22)	(62)	10	(68)	(119)	(174)
Basic and diluted net loss per share	(0.008)	(0.018)	(0.001)	(0.003)	0.000	(0.003)	(0.005)	(0.009)

## LIQUIDITY AND CAPITAL RESOURCES

Cash as at October 31, 2018, totaled \$4,250,087 compared to \$203,670 as at October 31, 2017 ("Q3 F2018"). It is management's intention to secure further capital funding in the form of equity to support current and future exploration and evaluation assets development.

Date	Financing		Commercial Goals
March 2017	Flow-through	\$2,502,500	Exploration expenditures (balance of \$101,357 to spend as of October 31, 2018)
June 2018	Common shares	\$5,423,304	Working Capital

For the next year 2020 fiscal year, the Company has budgeted \$900,000 for administrative expenses. Management is of the opinion that, even if it is unable to raise additional equity financing, the Company will be able to meet its current exploration obligations and keep its projects in good standing for the next 12 months. Advanced exploration of some of the mineral projects would require substantially more financial resources. There is no assurance that such financing will be available when required, or under terms that are favourable to Company. The Company may also select to advance the exploration and development of exploration and evaluation assets through joint ventures. Management is currently considering opportunities for further financing.

## MANAGEMENT DISCUSSION AND ANALYSIS

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### CASH FLOWS

	October 31 ( 9 months)	
	2018	2017
Operating activities	\$ (1,709,518)	\$ (2,528)
Financing activities	\$ 5,273,103	\$ 2,447,845
Investing activities	<u>\$ (1,006,312)</u>	<u>\$(2,546,699)</u>
	\$ 2,557,273	\$ (101,382)
 Cash	 <u>\$ 4,250,087</u>	 <u>\$ 203,670</u>

During the nine-month period ended October 31, 2018, funds used for operating activities were spent primarily on improving operations and promotion of the Company.

During the nine-month period ended October 31, 2018, the main financing activity undertaken by the Company was as follows:

On June 27, 2018, the Company issued 8,890,663 common shares at a price of \$0.61 per share, for a gross proceeds of \$5,423,304.

During the nine-month period ended October 31, 2018, investing activities consisted primarily of prospecting work for projects development, rebilling of exploration and evaluation assets, acquisition of Matamec's assets and the receipt of mining tax credits

# MANAGEMENT DISCUSSION AND ANALYSIS

## CONTRACTUAL OBLIGATIONS AND OFF-BALANCE-SHEET ARRANGEMENTS

### ROYALTIES ON MINING PROJECTS

#### ROYALTIES ON MINING PROJECTS

PROJECTS	ROYALTIES		DESCRIPTION
	Name	Percentage	
Eeyou Istchee James Bay Territory projects, Quebec			
Apple	Osisko Gold Royalties Ltd.	100%	2% NSR of which 1% may be purchased for an amount of \$1,000,000
Sakami	Luc Lamarche	50%	1% NSR on some claims
	Jean-Raymond Lavallée	50%	
	Osisko Gold Royalties Ltd	100%	2% NSR on 81 claims of which 1% may be purchased for an amount of \$1,000,000
Opinaca Gold West & Opinica Lithium	Tony Perron, Tony Perron & Janine Mongrain on certain claims, Tony Perron Hélène Laliberté on certain claims	100%	2% NSR of which 1% may be purchased for an amount of \$500,000
Chemin Troilus	Ressources Tectonic Inc.	100%	2% NSR of which 1.5% may be purchased for an amount of \$2,000,000
Other projects, Quebec			
La Loutre	Jean-Sébastien Lavallée	33.33%	1.5% NSR on some claims, of which 0.5% may be purchased for an amount of \$500,000
	Jean-Raymond Lavallée	33.33%	
	Michel Robert	33.33%	
Somanike	Osisko Gold Royalties Ltd.	100%	2% NSR on 55 claims
	Globex Mining Enterprises Inc.	100%	GMR (Gross Metal Royalty) on 7 claims of which 1% if Ni lower than \$6 US, 1.5% between \$6 and \$8 US and 2% if higher than \$8 US
	Jefmar Inc.	100%	2% NSR on 7 claims of which 1% may be purchased for an amount of \$1,000,000
	RNC Minerals	100%	2% on 6 claims of which 2% may be purchased for an amount of \$2,000,000
Kipawa Project	Toyotsu Rare Earth Canada Inc.	100%	10% on future royalties on net operating profit
Tansim	Ressources Minérales Mistassini Inc.	100%	1.25% NSR on 4 claims of which 0.25% may be purchased for an amount of \$60,000
Valmont	André Gauthier	100%	1% NSR may be purchased for an amount of \$500,000 payable over 2 years
Vulcain	André Gauthier	60%	1% NSR may be purchased for an amount of \$500,000
	Jacques Duval	40%	
Casa-Detour	Tony Perron, Tony Perron & Carlos Perron on certain claims, Tony Perron Hélène Laliberté on certain claims	100%	2% NSR of which 1% may be purchased for an amount of \$500,000
Fabre	Tony Perron	100%	2% NSR of which 1% may be purchased for an amount of \$500,000
Ontario projects, Ontario			
Matheson Joint Venture	International Explorers and Prospectors Inc.	100%	1.5 % NSR of which 0.75% may be purchased for an amount of \$1,500,000
	Amalco	100%	0.75% NSR of which 0.75% may be purchased for an amount of \$750,000
	Certain individuals and companies on certain claims	100%	1% NSR of which 1% may be purchased for an amount of \$500,000



# MANAGEMENT DISCUSSION AND ANALYSIS

## RELATED-PARTY TRANSACTIONS

### Transactions with Key Executives

A) During the nine-month period ended October 31, 2018, the Company has incurred professional and consultant fees amounting to \$43,257 (\$20,713 in 2017) with its Chief Financial Officer. In relation with these transactions, no amount was payable as at October 31, 2018 (\$3,961 as at October 31, 2017).

B) During the nine-month period ended October 31, 2018, the Company incurred \$1,410,082 (\$1,139,962 in 2017) in exploration and evaluation assets, no professional and consultant fee (\$20,850 in 2017), general administrative expenses for \$50,696 (\$30,095 in 2017) with Consul-Teck Exploration Minière Inc., a company of which the Vice-President Exploration (former Executive Chairman) of the Company is a shareholder. An amount of \$126,635 was payable to Consul-Teck Exploration Minière Inc. as at October 31, 2018 (\$219,526 as at October 31, 2017).

C) During the nine-month period ended October 31, 2018, the Company incurred \$125,000 in professional and consultant fees (\$30,000 in 2017) with Paradox Public Relations, a company controlled by the President (former President and Chief Executive Officer) of the Company. No amount was payable in relation to these transactions as at October 31, 2018 (\$45,990 as at October 31, 2017).

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

D) The Vice-President Exploration of the Company owns 33.33% of the 1.5% NSR on the La Loutre project regarding the agreement signed in 2012. The Company has the option to purchase 0.5% of this NSR for \$500,000.

E) On June 27, 2018, the Company acquired from Sphinx, the mining claims on three projects. Normand Champigny is the Chief Executive Officer, Michel Gauthier, François Biron and John W.W. Hick are directors, of both companies Sphinx and the Company. The Company issued to Sphinx Resourced Ltd 1,200,000 common shares post-consolidation.

	<b>October 31, 2018</b>	<b>October 31, 2017</b>
	\$	\$
Salaries and fringe benefits	50,860	-
Compensation and share-based payments	25,740	92,983
	<u>76,600</u>	<u>92,983</u>

## SUBSEQUENT EVENT

In December 2018, the Company made an amendment to its Stock Option Plan, increasing the maximum number of shares issuable upon exercise of the options granted under the Stock Option Plan from 2,474,213 to 4,498,055.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## SIGNIFICANT ACCOUNTING POLICIES

For more details on the revaluation status of their impact on the financial statements, please refer to note 4 accompanying the audited financial statements for the years ended January 31, 2018.

## CERTIFICATION OF INTERIM FILINGS

The Chief Executive Officer and Chief Financial Officer have signed the official basic certificates for venture issuers as required by *Regulation 52-109 respecting certification of disclosure in issuers' annual and interim filings*, confirming the review, absence of untrue or misleading information and fair presentation of the interim documents filed.

- The Chief Executive Officer and Chief Financial Officer have confirmed that they have reviewed the interim financial statements and the interim MD&A (collectively referred to as the "interim filings") of the Company for the nine-month period ended October 31, 2018.
- The Chief Executive Officer and Chief Financial Officer have confirmed that, based on their knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings
- The Chief Executive Officer and Chief Financial Officer have confirmed that, based on their knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings for these periods.

## OTHER REQUIREMENTS IN THE MANAGEMENT DISCUSSION AND ANALYSIS

The following selected financial information data is derived from the audited financial statements at the periods indicated.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EXPLORATION AND EVALUATION ASSETS

	October 31	
	2018	2017
Balance, beginning of period	\$ 2,884,045	\$ 1,828,853
Add:		
Acquisition of exploration and evaluation assets	1,010,548	223,520
Assets for exploration and evaluation of the subsidiary	4,121,441	-
Drilling	1,435,819	725,976
Geology and geophysics	8,850	45,463
Geochemistry	55,000	-
Other exploration and evaluation expenses	6,788	9,270
	<u>6,638,446</u>	<u>1,004,229</u>
Balance, before deduction	<u>9,522,491</u>	<u>2,833,082</u>
Rebiling	15,862	30,696
Disposal	25,000	114,750
Write-off and disposal of exploration and evaluation assets	<u>(10,485)</u>	<u>(22,776)</u>
	<u>30,377</u>	<u>122,670</u>
Balance, end of period	<u>\$ 9,492,114</u>	<u>\$ 2,710,412</u>

## MATERIAL COMPONENTS

	October 31		
	2018	2017	2016
<b>Statements of Comprehensive Income</b>			
Professional and consultant fees	\$ 619,505	\$ 78,598	\$ 215,449
Write-off and depreciation of mining properties and deferred	\$ (10,485)	(22,776)	(35,000)
Registration, listing fees and shareholders' information	\$ 275,335	\$ 103,415	\$ 39,878
Change in fair value of marketable securities and derivative financial instruments	\$ 141,650	\$ -	\$ -
Stock-based payments	\$ -	\$ 146,754	\$ 125,711
Management income	\$ 793	\$ 1,535	\$ 4,065
<b>Statements of Financial Position</b>			
Cash	\$ 4,250,087	\$ 1,926,946	\$ 63,792
Exploration and evaluation assets	\$ 9,492,114	\$ 3,069,666	\$ 1,827,610

The following selected financial information is derived from the Company's unaudited financial statements.

# MANAGEMENT DISCUSSION AND ANALYSIS

## DISCLOSURE OF OUTSTANDING SHARE DATA (as at December 14, 2018)

**Common shares outstanding:** 44,980,558

**Options outstanding:** 3,119,279

Average exercise price of: \$ 0.59

<u>Expiry date</u>	<u>Number of shares</u>	<u>Exercise price</u>
		\$
March 2019	13,221	0.58
June 2019	60,096	0.42
July 2019	168,269	0.42
July 2019	192,308	0.46
December 2020	1,125,000	0.61
May 2022	240,385	0.62
December 2023	1,320,000	0.61
	<u>3,119,279</u>	

**Warrants outstanding :** 4,881,005

Average exercise price of: \$ 0.83

<u>Expiry date</u>	<u>Number of shares</u>	<u>Exercise price</u>
		\$
December 2018	104,231 <sup>(1)</sup>	0.46
January 2019	40,962 <sup>(1)</sup>	0.46
February 2019	15,481 <sup>(1)</sup>	0.46
March 2019	275,000 <sup>(1)</sup>	0.73
June 2020	4,445,331	0.85
	<u>4,881,005</u>	

(1) Broker warrants

**Risks and Uncertainties.** The Company is subject to a variety of risks, some of which are described below. If any of the following risks occur, the Company's business, results of operations or financial condition could be adversely affected in a material manner.

**Exploration and mining risks.** The business of exploration for minerals and mining involves a high degree of risk. Few projects that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the conduct of exploration programs. The Company from time to time increases its internal exploration and operating expertise with due advice from consultants and others as required. The economics of developing gold and other mineral projects is affected by many factors, including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral projects, nor any known bodies of commercial ore. Programs conducted on the Company's mineral project would be an exploratory search for ore.

**Titles to project.** While the Company has diligently investigated title to the various projects in which it has an interest, and to the best of its knowledge, title to those projects are in good standing, this should not be construed as a guarantee of title. The projects may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

## MANAGEMENT DISCUSSION AND ANALYSIS

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**Permits and licenses.** The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

**Metal prices.** Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

**Competition.** The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

**Environmental regulations.** The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

**Conflicts of interest.** Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource projects. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

**Stage of development.** The Company's projects are in the exploration stage, and to date none of them have a proven ore body. The Company does not have a history of earnings or providing a return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

**Industry conditions.** Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of project, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

**Uninsured hazards.** Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards which cannot be insured against or against which the Company may elect not to insure

## MANAGEMENT DISCUSSION AND ANALYSIS

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because of the high cost of premiums or for other reasons. The payment of any such liability could result in the loss of Company assets or the Company's insolvency.

**Future financing.** Completion of future programs may require additional financing, which may dilute the interests of existing shareholders.

**Key employees.** Management of the Company rests on a few key officers and members of the board of directors, the loss of any of whom could have a detrimental effect on its operations.

**Canada Revenue Agency.** No assurance can be made that Canada Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expenses or the eligibility of such expenses as Canadian exploration expenses under the *Income Tax Act* (Canada).