



# **QUEBEC PRECIOUS METALS CORPORATION**

(an exploration company)

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Three and nine months ended October 31, 2019

(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 three and nine months ended October 31, 2019, and of the Company financial condition and future prospects. This discussion and analysis complements the unaudited consolidated condensed interim financial statements for the three and nine months ended October 31, 2019 but does not form part of them.

The consolidated 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 year ended January 31, 2019, 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 consolidated condensed interim financial statements as at October 31, 2019 and notes thereto, as well as the audited consolidated financial statements and notes thereto and the MD&A for the year ended January 31, 2019.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). The shares of the Company are listed on the TSX Venture Exchange under the symbol CJC, on the OTC Bulletin Board under the symbol CJCFF and on the Frankfurt Exchange under the symbol YXEN.

## DATE

The MD&A was prepared on the basis of information available as at December 16, 2019.

## 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 is 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.

On February 1st, 2019, the Company liquidated its subsidiary Matamec, which was a dormant company. The dissolution of Matamec took place on September 5, 2019.

## HIGHLIGHTS

### *Sakami project*

- Completion of the surface program and identification of several high quality gold targets over 13 km prior to the drilling program planned for early 2020;
- Identification of high-grade nickel mineralization;
- Hiring of SGS Canada, in July 2019, for resource model and RPA, August 2019, for the preparation of a mineral resource estimate of the La Pointe Deposit.

On other Eeyou Istchee James Bay territory projects (Cheechoo-Éléonore Trend, Charles and Opinaca Gold West), a surface exploration program was conducted to better define the exploration potential with the objective of inviting other parties to form partnerships or acquire these projects.

### *Financing*

Closing of two private placements totalling \$7 M. In conjunction with these equity financings, a drill program has been designed to test the targets identified on the Sakami project and continue exploration on other James Bay projects. The drill program is anticipated to commence in early 2020.

The monetization of secondary assets is ongoing.

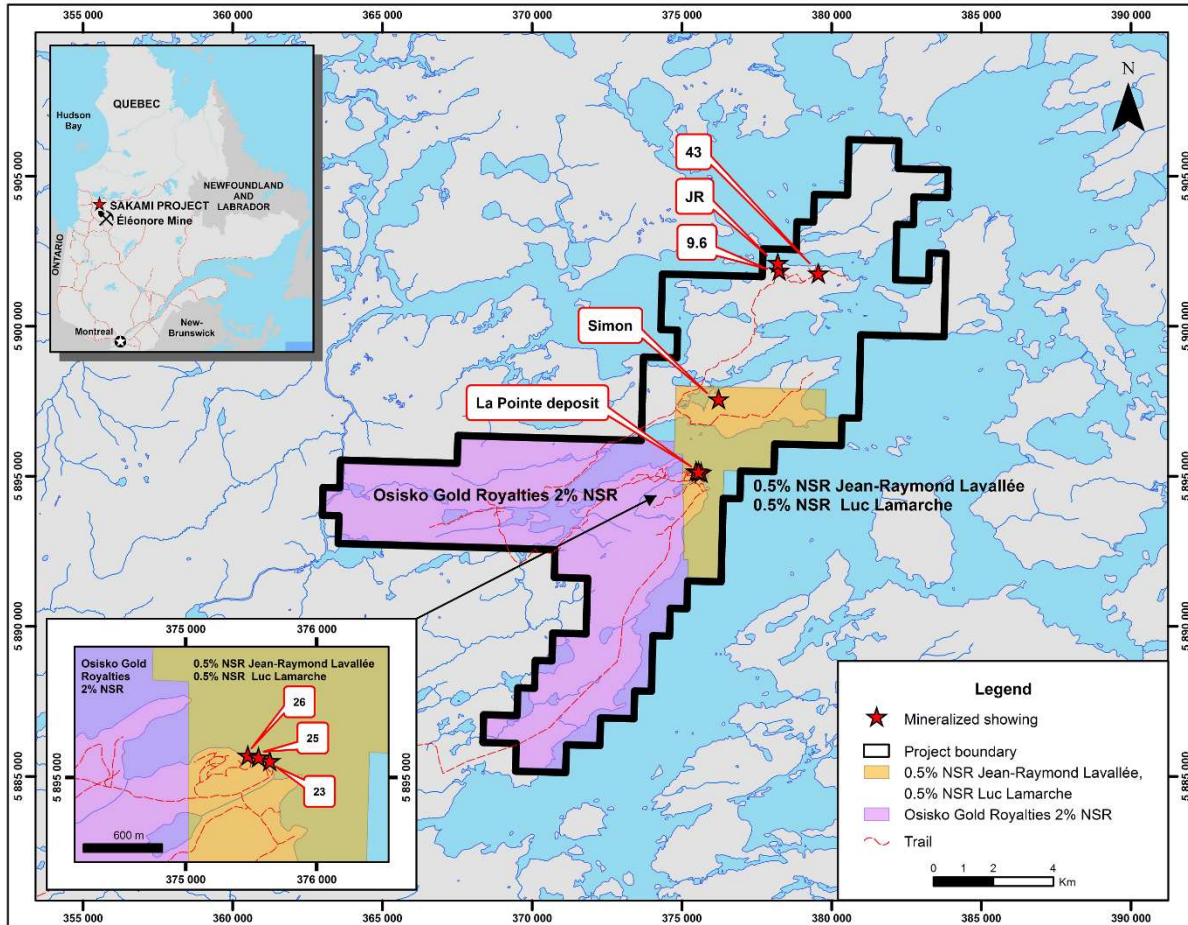
## EXPLORATION PROJECTS

### EYYOU ISTCHEE JAMES BAY, QUÉBEC

#### SAKAMI – GOLD PROJECT

##### **Project Description**

The Sakami project is wholly owned by the Company, consists of one large contiguous block of 259 mineral claims (131.13 km<sup>2</sup>) and includes the contiguous claims that were part of the project, previously known as the project Apple (currently the Apple sector). The project is located 90 km northwest of the Eleonore mine (operated by Newmont Goldcorp Corporation ("Newmont"), 570 km north of Val-d'Or and 900 km 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 (see figure below).



## Work done during the period

Exploration and evaluation expenses of \$1,425,798 were incurred on the Sakami project during the nine-month period ended October 31, 2019.

## La Pointe Deposit

The mineralization of the La Pointe deposit occurs in two important gold zones (zones 25 and 26) hosted in a volcano-sedimentary sequence from the Yasinski group (La Grande sub-province) which is metamorphosed to the amphibolite facies and strongly deformed by a regional event oriented WSW to ENE. This sequence is in contact with the sedimentary rocks from the Laguiche group (Opinaca sub-province) to the east. The lithologies are predominantly composed of: 1) biotite-rich silicified paragneisses with intrusions of granodiorite, tonalite and pegmatite, and 2) amphibolite (sedimentary iron formation and mafic volcanic rock). The gold mineralization is accompanied by pyrite, pyrrhotite, and arsenopyrite cross-cutted by quartz-carbonate veinlets.

On January 21, 2019, the Company announced the results for the five holes drilled between October and December 2018 (see table below). A total of 2,028 m were drilled. The results confirm that the known gold mineralization extends 50 metres westward.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Mineralized intersections from the October-December 2018 drilling program

Hole #	From (m)	To (m)	Length (m)	Au (g/t)
<b>PT-18-128</b>	295.00	312.00	17.00	1.77
<b>Including</b>	300.00	306.00	6.00	3.13
<b>Including</b>	295.00	306.00	11.00	2.36
	333.00	335.00	2.00	1.38
<b>PT-18-129</b>	410.00	426.50	16.50	1.39
<b>Including</b>	410.00	441.00	31.00	0.93
<b>Including</b>	422.00	426.50	4.50	3.45
<b>PT-18-130</b>	No significant values			
<b>PT-18-131</b>	460.00	466.00	6.00	4.78
<b>Including</b>	460.00	465.00	5.00	5.50
<b>PT-18-132</b>	81.00	82.50	1.50	1.03
	122.00	123.00	1.00	2.41
	144.00	146.00	2.00	1.66
	155.00	156.00	1.00	3.26

#### Notes:

1. Intervals are presented in core length; holes are generally planned to intersect mineralization as close to perpendicular to strike as possible; true widths are estimated to range from 75% to 90% of the down-hole length when hole inclination and dip of the mineralized horizons are considered.
2. All gold values presented are un-capped.
3. Intercepts occur within geological confines of mineralized zones but have not been correlated to individual structures/horizons within these zones yet.

On June 5, 2019, the Company announced the results from the five drillholes (totalling 2,499 m) completed during the 2019 winter campaign (see table 1 below). The objective of this drilling program was to test down-plunge extensions of the high-grade zones at depth, defined as >40 gram-metre drill intercepts (Au g/t x intersection length) and the existence of sub-parallel zones at shallower depths.

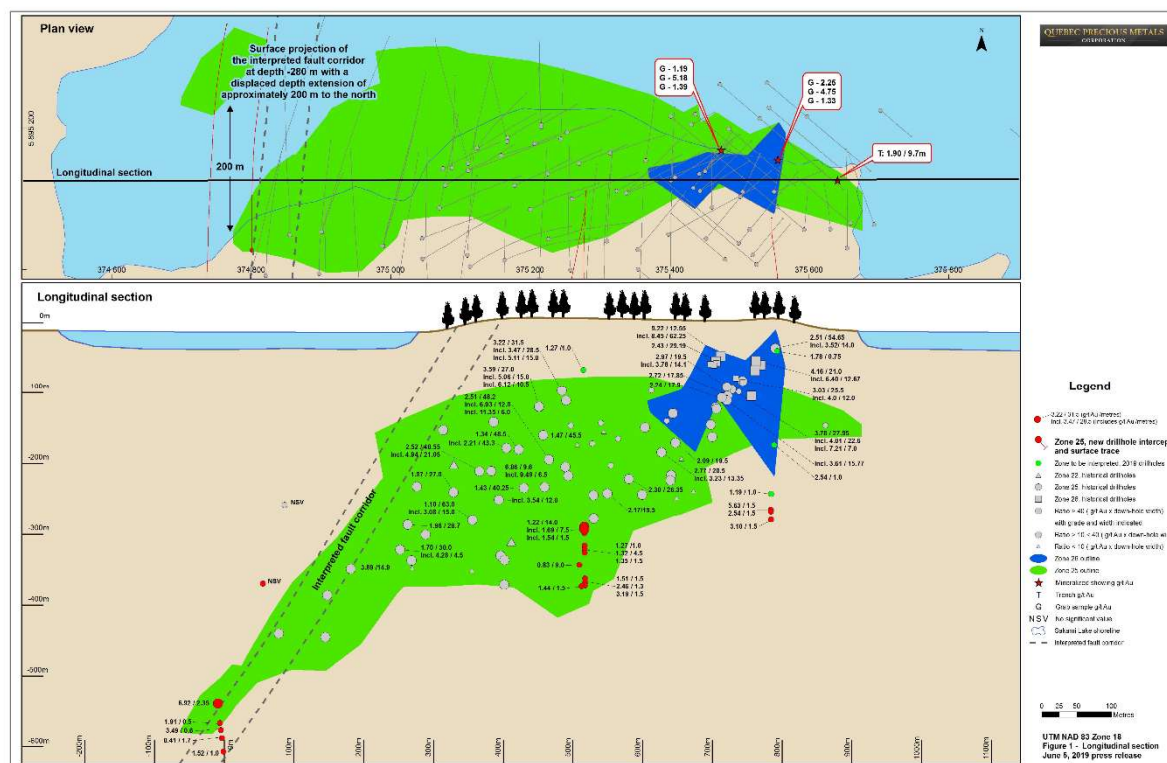
This drilling discovered a mineralized extension of the La Pointe deposit at approximately 600 m vertical depth in the western portion of zone 25 of the deposit. It is interpreted that a fault corridor has displaced this extension by about 200 m to the north. Hole PT-19-137 intersected a wide zone of silicified paragneiss with some pegmatite containing disseminated pyrite and arsenopyrite containing gold mineralization from 618.4 m to 747 m downhole. The new gold intercepts are between 100 m to 150 m distal from the previous deepest gold-bearing intercepts and confirm that gold mineralization remains open at depth. The DDH performed to date outlines a mineralized area with a strike length of 900 metres. The fault-displaced depth extension is located on a 2,500 m mineralized trend starting from the La Pointe deposit to the areas to the west and southwest characterized by strong soil gold and arsenic geochemical anomalies (see *December 5, 2018 press release*).

The figure below shows the location of these results on a longitudinal section, and the figure after that illustrates the mineralized axis over a distance of 2,500 m.

## MANAGEMENT DISCUSSION AND ANALYSIS

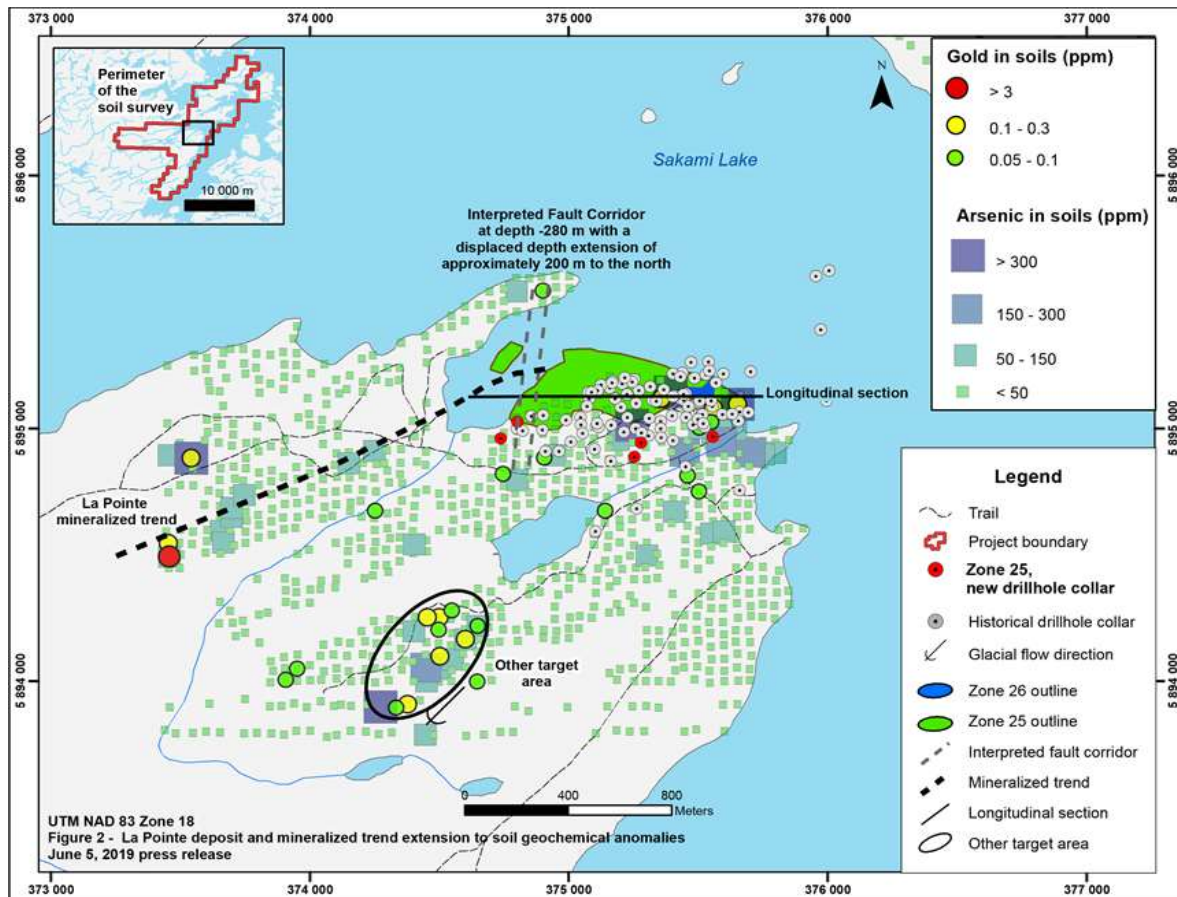
**Table 1:** Results of (5) DDH from the La Pointe deposit. All widths are drill indicated core length. Intervals are presented in core length; DDH are generally planned to intersect mineralization as close to perpendicular to strike as possible; true widths are estimated to range from 75% to 90% of the down-hole length when DDH inclination and dip of the mineralized horizons are considered. All gold values presented are not capped.

Hole ID	UTM E	UTM N	Length (m)	Azimuth	Dip	From (m)	To (m)	Interval (m)	Au (g/t)
PT-19-133	375557	5894968	309	355	-70	48.25	49.00	0.75	1.78
						191.00	192.00	1.00	2.54
						264.00	265.00	1.00	1.19
						288.00	289.50	1.50	5.63
						291.00	292.50	1.50	2.54
						303.00	304.50	1.50	3.10
PT-19-134  including	375279	5894944	438	358	-71	97.00	98.00	1.00	1.28
						337.00	351.00	14.00	1.22
						337.00	344.50	7.50	1.69
						369.00	370.00	1.00	1.27
						372.50	377.00	4.50	1.32
						379.50	381.00	1.50	1.35
						418.50	420.00	1.50	1.51
						424.70	426.00	1.30	2.46
PT-19-135	375254	5894888	465	358	-70	390.50	399.50	9.00	0.83
						427.50	429.00	1.50	1.44
PT-19-136	374801	5895027	540	0	56.5	No significant values			
PT-19-137	374736	5894960	747	360	-65	628.00	630.35	2.35	6.92
						662.80	663.30	0.50	1.91
						675.40	676.00	0.60	3.49
						689.30	691.00	1.70	0.41
						713.00	714.00	1.00	1.52





# MANAGEMENT DISCUSSION AND ANALYSIS

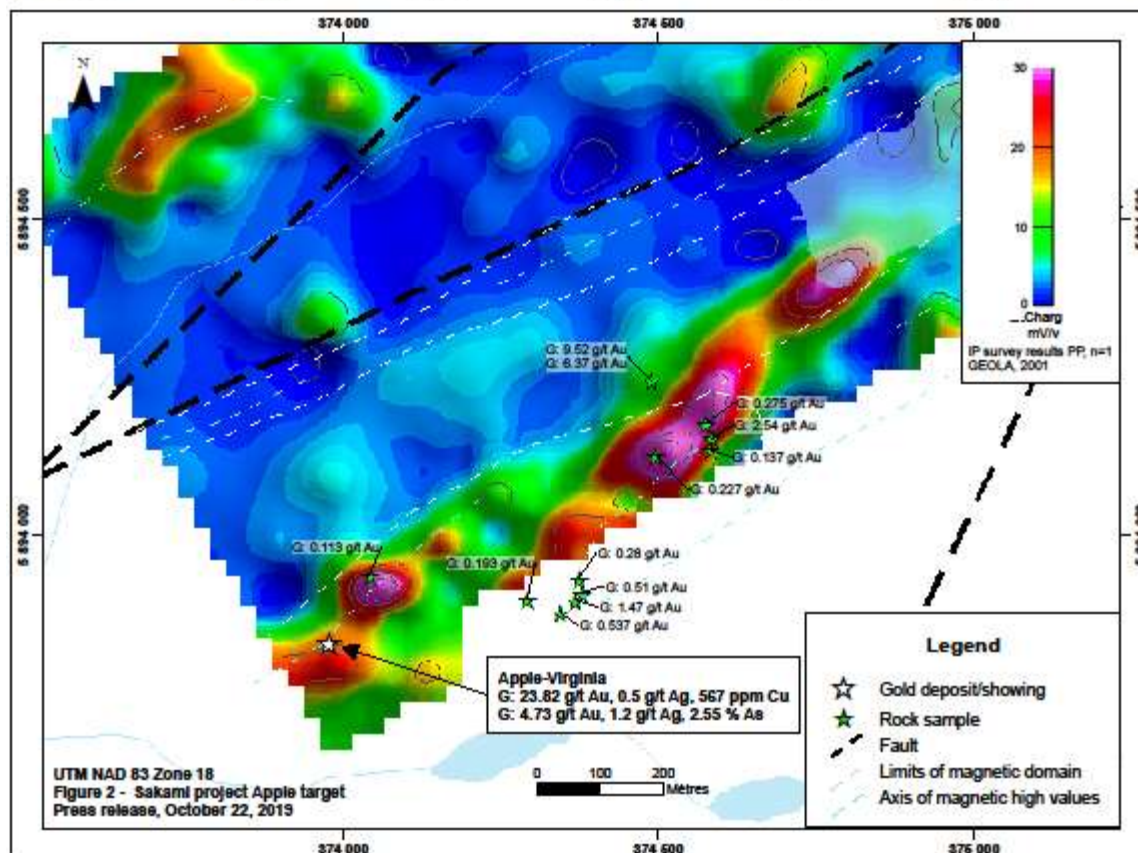
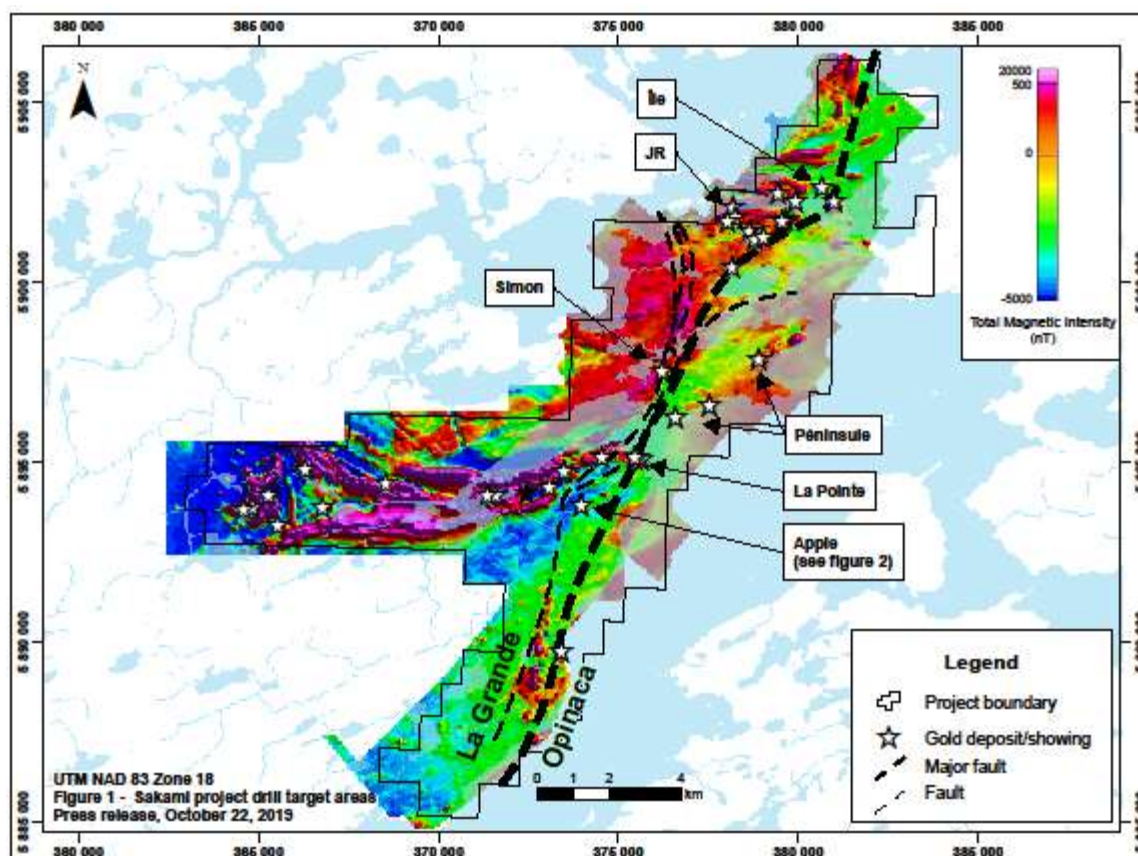


On June 5, 2019, the Company announced the results of the helicopter-borne magnetic and radiometric survey (1,400 line-km), induced polarization survey ("IP", 15.6 line-km) and prospecting and sampling program for rock (175 grab samples) and soil (675 samples) conducted during the summer on the Sakami project. These results improved the definition of known targets and identified several new drill targets. The targets defined will be tested during the drilling program currently being developed, which is expected to begin in early 2020. The targets are characterized as follows:

- located along a 13-km mineralized axis oriented SSW-NNE that includes the Apple, Peninsula, Simon, JR and Île showings (with gold mineralization detected in grab samples, drill holes and trenches) and the La Pointe deposit (Figure 1 below);
- located up to 1,500 m from the favourable contact between the Opinaca and La Grande geological subprovinces;
- shows a spatial correlation with a major magnetic discontinuity along the mineralized axis and sometimes with E-W striking magnetic structures;
- closely associated with iron formations, which are discontinuous and apparently folded; and
- spatially correlated with the IP anomalies and gold and arsenic soil geochemistry anomalies.

One of the program highlights was the definition of a top priority drill target for the Apple sector (Figure 2, below). A gold showing discovered in 2000 returned 23.82 g/t Au and 4.73 g/t Au in grab samples. Two other grab samples returned 9.52 g/t Au and 6.37 g/t Au this past summer.

# MANAGEMENT DISCUSSION AND ANALYSIS





## MANAGEMENT DISCUSSION AND ANALYSIS

### Apple sector

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. Between 1998 and 2001, the project was explored by Virginia Gold Mines (now Osisko Gold Royalties Ltd.), to evaluate the gold potential. Significant showings were discovered, however no drilling was done. These showings include the Buck showing discovered in 1998, located in an iron formation that reported up to 20.15 g/t and 2.59 g/t Au over 3.5 m in channel sampling. Another showing discovered in contact with volcanic rocks and a pegmatite was discovered in 2000 and reported respectively 23.82 g/t Au and 4.73 g/t Au in grab samples. Several ultramafic horizons have revealed anomalous values in platinum group elements during work carried out in 2000. The best results are 0.491 g/t Pt and 0.23 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.

Reassay results for recovered samples of historical and untested drill core are shown below. The core samples are from nine holes drilled in 2008 by a company that operated the project previously. A total of 51 samples from hole AP-08-12 were reassayed. Assaying for high-grade nickel mineralization returned 1.28% Ni and 0.26% Cu over 2.55 m (see Table 2, below). This high-grade intersection and other high nickel values are found in mafic volcanic rocks containing disseminated pyrite and pyrrhotite. These rocks are part of a sequence of quartz feldspar gneiss, quartz arenite, paragneiss and iron formation.

**Table 2 – New reassay results for historical hole AP-08-12**

Hole #	UTM E	UTM N	Length (m)	Azimuth	Dip	From (m)	To (m)	Interval (m)	Au (g/t)	Cu %	Ni %
AP-08-12	373098	5894629	201	147	-50	86.05	105.00	18.95	0.04	0.05	0.62
including						86.05	93.20	7.15	0.07	0.03	0.88
including						86.05	100.00	13.95	0.04	0.07	0.70
including						87.30	90.30	3.00	0.10	0.04	1.14
including						97.45	100.00	2.55	0.03	0.26	1.28

Hole #	From (m)	To (m)	Lithology
AP-08-12	86.05	87.30	Iron formation
	87.30	93.20	Paragneiss, Py-Po-As
	93.20	97.45	Quartz arenite
	97.45	100.00	Mafic volcanic rock, Py-Po
	100.00	105.00	Quartz feldspar gneiss

QPM will continue to relog the core to strategically identify the best core in which to perform additional assays in the fall.

### Simon-JR sector

On March 26 and April 23, 2019, the Company announced the results of 11 reconnaissance drill holes drilled in the Simon-JR sector, located 3 to 8 km northeast of the La Pointe sector. As figures 1 and 2 show, a total of 11 diamond drill holes were drilled in the Simon-JR sector. Ten of the 11 holes intersected gold mineralization. Best results are as follows:

## MANAGEMENT DISCUSSION AND ANALYSIS

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### *Simon showing*

- SI19-02 - 14.20 g/t Au over 2.0 m in a 15.25 m intersection grading 2.34 g/t Au;
- SI19-03 - 5.05 g/t Au over 5.06 m; and
- SI19-04 - 4.66 g/t Au over 3.5 m.

### *JR showing*

- JR-19-04 - 1.27 g/t Au over 15.0 m.

Mineralization includes pyrite, pyrrhotite and disseminated to semi-massive arsenopyrite hosted in a volcano-sedimentary sequence of the Yasinski Group (La Grande Subprovince) in contact with the sedimentary rocks of the Laguiche Group (Opinaca Subprovince) to the east. Similar mineralization was intersected in all the holes.

### **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 project, Newmont's Éléonore gold mine and the Cheechoo gold discovery belonging to Sirios Resources Inc. ("Sirios"). The northwestern part of the project is adjacent to the Sakami project, 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 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 project.

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

A soil geochemistry survey (952 samples) and a prospecting program (122 grab samples) were conducted in late summer 2019. Assay results are pending.

Exploration and evaluation expenses of \$237,696 were incurred on the Cheechoo-Éléonore Trend project during the nine-month period ended October 31, 2019.

### **OPINACA GOLD WEST – GOLD PROJECT**

#### **Project Description**

The Opinaca Gold West project (including the project formerly known as the Opinaca Lithium project) consists of 208 claims (109.07 km<sup>2</sup>) some 40 km west of the Éléonore mine. The project is wholly-owned by the Company. The western portion of the project is accessible from km 434 of the paved James Bay Road. The claims extend over a distance of approximately 40 km and cover prospective sequences of volcano-sedimentary rocks striking generally oriented east-west. Gold and arsenic geochemical anomalies have been identified on the project.

The project was acquired on June 27, 2018, pursuant to the business combination with Matamec by way of the plan of arrangement approved by an order of Superior Court of Québec.

A surface exploration program will be carried out in the fall of 2019. The Company plans to either sell its interest in the project or identify a partner to pursue exploration work on the project.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## Work done during the period

A program of rock prospecting/sampling and reconnaissance geological mapping was carried out in the fall of 2019. Assay results are pending. The Company plans to sell its interest in the project or identify a partner to pursue exploration on the project.

## ANNABELLE – GOLD PROJECT

### Project Description

The Annabelle project consists of 353 claims (186,08 km<sup>2</sup>), 100% owned by the Company and located approximately 40 km west of the Éléonore mine. The 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 surface exploration program will be carried out surface program in the fall of 2019. The Company plans to either sell its interest in the project or identify a partner to pursue exploration work on the project.

## Work done during the period

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

## BLANCHE AND CHARLES – GOLD-COPPER PROJECTS

### Project description

The Blanche project is wholly owned by the Company and consists of 256 claims (130.92 km<sup>2</sup>). The project lies approximately 40 km west of the Eleonore mine. It is accessible east on the Trans-Taïga Road (230 km). The Charles project, also wholly owned by the Company, consists of 61 claims (31.15 km<sup>2</sup>). It is located approximately 15 km east of the Blanche project along the Trans-Taïga Road. The projects overlie volcano-sedimentary rocks in the La Grande Subprovince.

In a press release dated April 30, 2019, the Company highlighted the strong copper-gold potential of these projects. Both projects are adjacent to the Mythril high-grade copper-gold-molybdenum-silver discovery of Midland Exploration Inc. (“Midland”). The samples on the Mythril discovery are selected samples and the grades obtained are not necessarily representative of the mineralization hosted on the project. BHP Billiton Canada Inc. recently invested \$5.9 million in Midland to finance drilling on the Mythril discovery.

On the Blanche project, the Company carried out prospecting and grab sampling in 2017. A total of 221 samples were collected systematically along lines spaced 400 m apart. The highest sample values were 0.31%, 0.29%, 0.10% and 0.10% for copper and 0.20 g/t, 0.19 g/t and 0.13 g/t for gold. The averages are 0.02% for copper and 0.01 g/t for gold. The samples are selected samples, and the grades obtained are not necessarily representative of the mineralization hosted on the project.

The Charles project has a similar geological setting. It consists of a NE-striking horizon of amphibolitized basalt interbedded with banded iron formations and biotite-garnet paragneiss bands. Ultramafic rocks have been observed. Linear magnetic highs have been identified in the SE portion of the project and show a spatial correlation with the iron formations.

Both projects were acquired by map designation following a compilation of all the information available from the MENR.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## Work done during the period

The first field reconnaissance work was carried out on the Charles project in the fall of 2019 in order to further validate the copper-gold potential. The results obtained will allow us to better evaluate the exploration potential with the aim of inviting other parties to form partnerships or acquire these two projects.

Exploration and evaluation expenses of \$53,113 were incurred on the Blanche-Charles projects during the nine-month period ended October 31, 2019.

## NEW GOLD – GOLD PROJECT

### Project Description

The New Gold project consists of 49 mineral claims (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 mineral 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 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

During the nine-month period ended October 31, 2019, the Company disposed of \$119 in exploration assets on the on the project.



# MANAGEMENT DISCUSSION AND ANALYSIS

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## **NON-CORE ASSETS**

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

#### **Project Description**

The Lac-des-Îles West project consists of one large contiguous block of 74 mineral claims (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.

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 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 (450,000 common shares received) for a period commencing on the deemed exercise date of the additional option signed on February 6, 2015 and ending on December 31, 2019.

At October 31, 2019, the Company owned a 20% interest in the project.

#### **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 contiguous block of 48 mineral claims (28.67 km<sup>2</sup>) located approximately 53 km east of the Lac-des-Îles graphite mine (operated by Imerys), 120 km north of Montreal.

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 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 the two projects) for a period commencing on the deemed exercise date of the additional option signed on February 6, 2015 and ending on December 31, 2019.

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 an independent technical report entitled "Technical Report and Mineral Resource Estimate for the Loutre Property" on Sedar ([www.sedar.com](http://www.sedar.com)). The report, dated March 24, 2016, was prepared by B. Turcotte and G. Servelle d'InnovExplo Inc. of Val-d'Or, Quebec, and O. Peters of AGP Mining. Inc. in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects. The mineral resource as estimated 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
	> 1.5	<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
	> 1.5	<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

**A 1,550 m drilling program carried out on the Refractory zone in 2017 intercepted multiple zones with graphite mineralization.** On April 24, May 6 and July 9, 2019, the Company and its partner Lomiko announced the results of diamond exploration drill holes from a drilling program on the Refractory Zone consisting of 21 holes for a total of 2,985 metres. The results obtained to date are very encouraging.

At October 31, 2019, the Company owned a 20% interest in the project.

### Work done during the period

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

### SOMANIKE – NICKEL PROJECT

#### Project Description

The Somanike project consists of 107 mineral claims (50.20 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 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).

The Company entered into an option 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 made). Vanicom is also required to pay \$125,000 in common shares of Vanicom, pay \$75,000 in cash and incur \$600,000 in exploration expenditures no later than June 15, 2021. Class 1 Nickel and Technologies Inc. has an option to acquire a 100% interest in the rights held by Vanicom. Vanicom plans to carry out surface geophysical work on the project.

### Work done during the period

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

# MANAGEMENT DISCUSSION AND ANALYSIS

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## KIPAWA-ZEUS PROJECT - RARE EARTHS PROJECT

### Project description

The Company has a 68% interest in the Kipawa project, through the Kipawa Rare Earth Joint Venture ("SCCK"). Quebec Resources Inc. holds the remaining 32% interest. The project is part of the 73 claims (43.03 km<sup>2</sup>) of the Kipawa-Zeus project. Claims that are not part of the Kipawa project are wholly owned by the Company. The project is located in the Témiscamingue region of Quebec, 140 km south of Rouyn-Noranda and 90 km northeast of North Bay, Ontario.

The project is located in the Grenville geological province, about 55 km south of the contact with the Superior geological Province. The lithologies consist mainly of gneiss with a degree of metamorphism ranging from the green shale facies to the amphibolite-granulite facies. Twelve heavy rare earth showings have been identified, some of which contain niobium and tantalum. The Kipawa deposit is defined by three enriched horizons within the syenite of the Kipawa alkaline complex. This syenite contains light rare earth oxides but mainly heavy rare earth oxides. Drilling since 2011, totalling 293 holes (24,571 m), has been used as the basis for a feasibility study (prepared by Roche Ltd. and GENIVAR Inc., with the support of SGS Geostat and Golder Associates Ltd.) The study showed a 15-year production schedule, excluding a two-year pre-production period to strip the overburden to allow open-pit mining and the construction of a processing plant and associated infrastructure. The mine life could potentially be increased by the discovery of additional resources.

On September 18, 2014, Matamec and Toyotsu Rare Earth Canada Inc. ("TRECAn") signed a termination agreement for the Kipawa project. Following the signature of the agreement, Matamec paid TRECAn \$280,000 and TRECAn converted its undivided 49% interest in the project to a 10% net profits interest.

On September 24, 2017, SCCK decided to stop the development activities at the Kipawa project and subsequently its research activities with various academic partners and government agencies. The project was acquired on June 27, 2018, following the business combination by way of arrangement and approved an order of the Superior Court of Canada with Matamec. The Company intends to interest one or more third parties in joining the project.

### Work done during the period

Exploration and evaluation expenses of \$6,610 were incurred on the Kipawa-Zeus project during the nine-month period ended October 31, 2019.

## 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 geological Subprovince, part of the Archean Superior province. The lithologies consist of a group of Late Archean metasedimentary-metavolcanic-granitoid-gneissic rocks.

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

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 (condition fulfilled) and pay the Company \$100,000 (amount paid). The agreement was amended by the parties on November 13, 2018, to extend the deadline to complete the

## MANAGEMENT DISCUSSION AND ANALYSIS

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work and make the \$100,000 payment from January 31, 2019 (condition fulfilled), to April 19, 2019 (amount paid).

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 the Company \$250,000 in the second year. The Company will also receive a 2% NSR on the production of minerals mined on the project.

The project was acquired on June 27, 2018, as part of the business combination with Matamec by way of the plan of arrangement approved by an order of Superior Court of Québec.

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, beryllium and tantalum-bearing, granitic pegmatite dykes.

### Work done during the period

On April 9, 2019, Sayona Mining announced the results of an initial drilling program on the project. Highlights were as follows:

- Two east-west striking subparallel pegmatite dykes with coarse-grained spodumene mineralization were intersected over a length of 350 metres;
- Drill results show mineralization in both dykes, including 12.35 m @ 1.29% Li<sub>2</sub>O near surface in the first subsurface dyke, and 43.7 m @ 0.82% Li<sub>2</sub>O, including 16.1 m @ 1.26% Li<sub>2</sub>O, in the second, deeper dyke; and
- The drilling program demonstrates that the pegmatite system is open in all directions, with potential for the discovery of other subparallel pegmatite dykes.

On November 20, 2019, Sayona Mining announced that based on recent drilling, the Viau-Dallaire exploration target on the project is thought to be between 5 million and 25 million tonnes grading an estimated 1.2-1.3% Li<sub>2</sub>O. The mineralization is open in all directions. Note that Sayona Mining cautions that the potential quantity and content of the exploration target are conceptual in nature and are therefore approximations; there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration could result in the determination of a mineral resource.

Sayona plans to pursue project development by carrying out additional work.

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

#### Project description

The Valmont project consists of 8 claims (4.51 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 with Matamec by way of the plan of arrangement approved by an order of Superior Court of Québec.

### Work done during the period

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



# MANAGEMENT DISCUSSION AND ANALYSIS

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## 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 accessible by provincial paved highway 117 and by a 45 km gravel road linking the project at the Lac Arthur exit. The project 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 grading 0.7% Ni and 0.7% Cu. Quebec's Ministère de l'Énergie et des Ressources Naturelles have carry out rehabilitation work during the fall 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, intersect paragneisses of the Grenville geological province supergroup.

The project was acquired on June 27, 2018, as part of the combination with Matamec by way of the plan of arrangement approved by an order of Superior Court of Québec. 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.

## ONTARIO PROJECT

### Project description

The Company holds a 50% interest in four non-contiguous blocks totalling 41 single-cell mining claims, four patented claims (surface and mining rights) and three leases (surface and mining rights) totalling 13 km<sup>2</sup> from the Matheson Joint Venture project ("Matheson Project"), located 24 km from downtown Timmins, Ontario. International Explorers and Prospectors Inc. ("IEP") holds the other 50%. The Company and IEP have agreed to sell their respective interests in the Matheson Project.

The Matheson Project covers prospective lithologies and structures similar to the geological context of the nearby Hoyle Pond gold mine, operated by Newmont Goldcorp Corporation. The Hoyle Pond mine produced 4 million ounces of gold at an average grade of 12 g/t gold from 1985 to 2018, making it one of the highest grade deposits in the Timmins camp. The presence of mineralization on properties adjacent to or in proximity to the Matheson Project is not necessarily indicative that mineralization may be present on the Matheson Project. Previous exploration programs identified a number of exploration targets but they have not been systematically tested by drilling.

The project was acquired on June 27, 2018, as part of the business combination with Matamec by way of the plan of arrangement approved by an order of Superior Court of Québec. The Company plans to sell its interest in the project or identify a partner to continue exploring the projects.

### Work done during the period

The Company has filed a National Instrument 43-101 technical report (the "Technical Report") for the Matheson Project. The Technical Report was prepared by Paul Chamois, geologist, of RPA Inc., an independent qualified person as defined by NI 43-101.

### Persons in charge of technical disclosure

Normand Champigny, Eng., Chief Executive Officer, and Jean-Sébastien Lavallée (OGQ #773), Vice-President Exploration and shareholder of the Company, 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 projects. 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, 2019. 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)	
	2019	2018
Salaries, insurance, travel, penalties & General administrative expenses	\$ 633,196	\$ 214,479
Registration, listing fees and shareholders' information	\$ 67,686	\$ 275,335
Professional and consultant fees	\$ 303,197	\$ 619,505
Depreciation of property, plant and equipment	\$ 1,937	\$ 7,371
Compensation and share-based payments	\$ 361,884	\$ -
Part XII.6 taxes	\$ 38	\$ 7,073
Net change in fair value of marketable securities and warrants	\$ (305,900)	\$ -
Expenses incurred on mining project	\$ 44,517	
Gain on disposal of mining project option	\$ (59,339)	\$ -
Disposal and write-off of mining projects	\$ 168,661	\$ (10,485)
	<u>\$ 1,215,877</u>	<u>\$ 1,113,278</u>
Other revenues	\$ 29,980	\$ 13,796
Gain on write-off of debt	\$ -	\$ 45,492
Loss on disposal of marketable securities	\$ 94,185	\$ -
Loss on disposal of property, plant and equipment	\$ (35,011)	\$ (31,043)
Loss before income taxes	<u>\$ 1,126,723</u>	<u>\$ 1,085,033</u>
Deferred income taxes	\$ -	\$ (298,197)
Total net loss for the period	<u>\$ 1,126,723</u>	<u>\$ 786,836</u>
Cash and cash equivalents	<u>\$ 1,345,729</u>	<u>\$ 4,250,087</u>

### Other revenues

Other revenues for the nine-month period ended October 31, 2019 amounted to \$29,980 (\$13,796 in 2018), consisting of interest, dividend and rental income. Given its status as an exploration company, the Company does not generate any steady income, and must finance its activities by issuing equity.

### Salaries, Insurance, Travel, Penalties and General Administrative Expenses

Salaries, insurance, travel, penalties and general administrative expenses for the nine-month period ended October 31, 2019, consisted mainly of general office expenditures, travel expenses, promotional activities, office expenses, insurance, interest and penalties, salaries and fringe benefits and the Company's claim renewal expenses. The increase of \$418,717 compared to the previous period is mainly due to the increase in travel expenses, representations, insurance, occupancy costs, renewal

## MANAGEMENT DISCUSSION AND ANALYSIS

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fees for the Company's mining titles. Salaries and fringe benefits were higher compared to the previous period given the fact that in 2019 nine months of salaries and fringe benefits were paid compared to three months in 2018. In 2019, the number of employee also increased compared to the same period in 2018.

### **Registration, Listing Fees and Shareholder Information**

Registration, listing fees and shareholder information expenses for the nine-month period ended October 31, 2019, consisted mainly of expenditures of a legal and regulatory nature incurred to comply with the requirements of the securities commission. The decrease of \$207,649 is mainly due to a decrease in transfer agent, investor relations and shareholder information expenses.

### **Professional and Consultant Fees**

Professional and consulting fees for the nine-month period ended October 31, 2019, consisted primarily of expenses of a legal and accounting nature, as well as audit, business development and management expenses. The decrease of \$316,308 compared to the previous period is due to a decrease in legal and accounting expenses offset by a slight increase in business development and in consulting fees.

### **Compensation and Share-Based payments**

Compensation and Share-based payments for the nine-month period ended October 31, 2019, represent the charge related to the value of the 1,800,000 stock options granted to directors, officers and consultants. A compensation charge of \$361,884 was thus assigned in relation to the stock options granted during the period, using the Black-Scholes model.

### **Net change in fair value of marketable securities and warrants**

The change in the value of marketable securities is related to fluctuations in the prices of securities held on the TSX Venture Exchange. During the nine-month period ended October 31, 2019, the Company exercised 1,000,000 warrants of Metalla Royalty & Streaming Ltd ("Metalla"), in order to purchase the same number of common shares at a price of \$0.75 per share. The Company disposed of the 1,000,000 Metalla's common shares during the same period, for proceeds of \$1,254,085.

### **Expenses incurred on mining project**

During the nine-month period ended October 31, 2019, the Company incurred \$44,517 in expenses on the Matheson-Explorers Project to prepare an independent technical report.

### **Gain on disposal of mining project option**

Sayona paid the Company \$100,000 as part of the Tansim project Option Agreement, resulting in a gain on disposal of the mining project option.

### **SUMMARY OF QUARTERLY RESULTS**

The comments below provide an analysis of the operating results for the three-month period ended October 31, 2019. The selected financial information shown below is taken from the condensed unaudited interim financial statements for each of the three-month periods indicated.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL HIGHLIGHTS

	October 31 (3 months)	
	2019	2018
Salaries, insurance, travel, penalties & General administrative expenses	\$ 189,711	\$ 125,385
Registration, listing fees and shareholders' information	\$ 7,349	\$ 39,522
Professional and consultant fees	\$ 76,957	\$ 201,914
Depreciation of property, plant and equipment	\$ 290	\$ 5,343
Compensation and share-based payments	\$ -	\$ -
Part XII.6 taxes	\$ -	\$ 1,837
Net change in fair value of marketable securities and warrants	\$ 43,000	\$ -
Expenses incurred on mining project	\$ 40,978	
Disposal and write-off of mining projects	\$ 168,659	\$ (11,283)
	\$ 526,944	\$ 362,718
Other revenues	\$ 4,282	\$ 10,503
Gain on write-off of debt	\$ -	\$ 45,492
Loss on disposal of marketable securities	\$ 132,635	\$ -
Loss on disposal of property, plant and equipment	\$ -	\$ (33,355)
Loss before income taxes	\$ 390,027	\$ 340,078
Deferred income taxes	\$ -	\$ (27,117)
Total net loss for the period	\$ 390,027	\$ 312,961
Cash and cash equivalents	\$ 1,345,729	\$ 4,250,087

### Other revenues

Other revenues for the three-month period ended October 31, 2019 amounted to \$4,282 (\$10,503 in 2018), consisting of interest, dividend and rental income. Given its status as a mining exploration company, the Company does not generate any steady income, and must finance its activities by issuing equity.

### Salaries, Insurance, Travel, Penalties and General Administrative Expenses

Salaries, insurance, travel, penalties and general administrative expenses for the three-month period ended October 31, 2019, consisted mainly of general office expenditures, travel expenses, promotional activities, office expenses, insurance, interest and penalties, salaries and fringe benefits and the Company's claim renewal expenses. The increase of \$64,326 compared to the previous period is mainly due to the increase in travel expenses, representations, renewal fees for the Company's mining titles, as well as salaries and fringe benefits.

### Registration, Listing Fees and Shareholder Information

Registration, listing fees and shareholder information expenses for the three-month period ended October 31, 2019, consisted mainly of expenditures of a legal and regulatory nature incurred to comply with the requirements of the securities commission. The decrease of \$32,173 is mainly due to a decrease in shareholder information expenses and transfer agent fees.

### Professional and Consultant Fees

Professional and consulting fees for the three-month period ended October 31, 2019, consisted primarily of expenses of a legal and accounting nature, as well as audit, business development and management expenses. The decrease of \$124,957 compared to the previous period is due to a decrease in business development as well as legal and accounting fees.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Net change in fair value of marketable securities and warrants

The change in the value of marketable securities is related to fluctuations in the prices of securities held on the TSX Venture Exchange. During the three-month period ended October 31, 2019, the Company has disposed of 500,000 Metalla's common shares for proceeds of \$647,135.

## Expenses incurred on mining project

During the three-month period ended October 31, 2019, the Company incurred \$40,978 on the Matheson-Explorers Project to prepare an independent technical report.

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 2019	July 31 2019	April 30 2019	January 31 2019	October 31 2018	July 31 2018	April 30 2018	January 31 2018
Other revenues	4	6	20	17	11	3	-	14
Net profit (loss)	(390)	(780)	43	(364)	(337)	(570)	(22)	(62)
Basic and diluted net income (net loss) per share	(0.009)	(0.017)	0.001	(0.008)	(0.008)	(0.018)	(0.001)	(0.003)

## LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents as at October 31, 2019, totaled \$1,345,729 compared to \$4,250,087 as at October 31, 2018. 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
November 2019	Flow-through shares	\$5,623,903	Exploration expenditures
November 2019	Common shares	\$916,800	Working Capital
December 2019	Common shares	\$500,00	Working Capital

For the next year 2020 fiscal year, the Company has budgeted \$1,280,000 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.

## CASH FLOWS

	October 31 (9 months)	
	2019	2018
Operating activities	\$ (1,662,507)	\$(1,709,518)
Financing activities	\$ -	\$ 5,273,103
Investing activities	\$ (267,622)	\$(1,006,312)
	<u>\$ (1,930,129)</u>	<u>\$ 2,557,273</u>
Cash and cash equivalents	<u>\$ 1,345,729</u>	<u>\$ 4,250,087</u>

# MANAGEMENT DISCUSSION AND ANALYSIS

During the nine-month period ended October 31, 2019, 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, 2019, the investment activities consisted primarily of exploration to develop the Company's projects, the exercise of Metalla Royalty & Streaming Ltd's warrants, the receipt of mining tax credit and tax credit related to resources, the disposal of marketable securities, the sale of property, as well as the receipt of \$100,000 from Sayona under the Tansim option Agreement and \$25,000 from Vanicom under the Somanike option Agreement.

## 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			
Sakami including the Apple area	Osisko Gold Royalties Ltd. (for Apple area)	100%	2% NSR of which 1% may be purchased for an amount of \$1,000,000
	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	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	Toyotsu Rare Earth Canada Inc.	100%	10% on net profits interest
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%	
Ontario project			
Matheson	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, 2019, the Company did not incur professional and consultant fees (\$43,257 in 2018) with its Chief Financial Officer. In relation with these transactions, no amount was payable as at October 31, 2019 (Nil as at October 31, 2018).

B) During the nine-month period ended October 31, 2019, the Company incurred \$970,487 (\$1,410,082 in 2018) in exploration and evaluation assets, \$33,057 professional and consultant fee (Nil in 2018), general administrative expenses for \$165,777 (\$50,696 in 2018) 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 \$442,388 was payable to Consul-Teck Exploration Minière Inc. as at October 31, 2019 (\$126,635 as at October 31, 2018).

C) During the nine-month period ended October 31, 2019, the Company did not incur professional and consultant fees (\$125,000 in 2018) 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, 2019 (Nil as at October 31, 2018).

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 Former Chief Executive Officer and John W.W. Hick was a director of Sphinx. Michel Gauthier and François Biron are directors of Sphinx and John W.W. Hick is director of the Company. The Company issued to Sphinx Resourced Ltd 1,200,000 common shares post-consolidation having a value of \$524,160.

	<b>October 31, 2019</b>	October 31, 2018
	\$	\$
Salaries and fringe benefits	315,076	50,860
Compensation and share-based payments	348,655	25,740
	<u>663,731</u>	<u>76,600</u>

### SUBSEQUENT EVENTS

On November 29, 2019, the Company issued 8,908,258 charity “flow-through” common shares at a price of \$0.40 each, 7,105,517 Quebec “flow-through” common shares at a price of \$0.29 each and 4,167,273 common shares of the at a price of \$0.22 each, for aggregate gross proceeds of \$6,540,703.

On December 3, 2019, the Company granted 270,000 share purchase options to a consultant. Each share purchase option allows its holder to acquire a share for \$0.235 for a period of two years.

On December 9, 2019, the Company issued 2,272,728 common shares at a price of \$0.22 each, for aggregate gross proceeds of \$500,000.16.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## SIGNIFICANT ACCOUNTING POLICIES

For more details regarding the significant accounting policies, you may refer to the Note 5 accompanying the consolidated audited financial statements for the year ended January 31, 2019 and Note 3 of the consolidated interim financial statements for the period of nine-month ended October 31, 2019.

During the next quarter, the Corporation will adopt a voluntary change in accounting policy with respect to Exploration and Evaluation assets. The Corporation's new policy will be to expense Exploration and Evaluation expenditures in the statements of net loss and comprehensive loss until such time as the technical feasibility and commercial viability has been established that supports the future development of the project.

## 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, 2019.
- 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	
	2019	2018
Balance, beginning of period	\$ 9,808,946	\$ 2,884,045
Add:		
Increase of mining projects	634	1,007,386
Assets for exploration and evaluation of the subsidiary	-	4,121,440
Analysis	171,806	-
Drilling	1,005,405	1,365,819
Levé géophysique et électromagnétique	232,014	-
Coupe de ligne	12,749	-
Resource estimate	32,027	-
Geology and geophysics	178,337	-
Airborne geophysical survey	35,900	-
Other exploration and evaluation expenses	54,890	12,243
	<u>1,723,762</u>	<u>6,506,888</u>
Balance, before deduction	<u>11,532,708</u>	<u>9,390,933</u>
Tax credit and mining duties	726,047	-
Gain on dispossal of mining projects option	(59,338)	-
Rebiling	-	12,690
Disposal and write-off of evaluation and exploration assets	<u>293,661</u>	<u>798</u>
	<u>960,370</u>	<u>13,488</u>
Balance, end of period	<u>\$ 10,572,338</u>	<u>\$ 9,377,445</u>

## MATERIAL COMPONENTS

	October 31		
	2019	2018	2017
<b>Statements of Comprehensive Income</b>			
Professional and consultant fees	\$ 303,197	\$ 619,505	\$ 78,598
Salaries and fringe benefits	\$ 315,076	69,564	\$ 8,432
General administrative expenses	\$ 207,104	\$ 79,618	\$ 64,764
Net increase in fair value of marketable securities and warrants	\$ (305,900)	\$ -	\$ -
Compensation and share-based payments	\$ 361,884	\$ -	\$ 146,754
Other revenues	\$ 29,980	\$ 13,796	\$ 1,535
<b>Statements of Financial Position</b>			
Cash and cash equivalents	\$ 1,345,729	\$ 4,250,087	\$ 1,926,946
Exploration and evaluation assets	\$ 10,572,338	\$ 9,492,114	\$ 3,069,666

## MANAGEMENT DISCUSSION AND ANALYSIS

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

### DISCLOSURE OF OUTSTANDING SHARE DATA (as at December 16, 2019)

<b>Common shares outstanding:</b>	67,434,334	
<b>Options outstanding:</b>	4,455,385	
Average exercise price of:	\$ 0.33	
<u>Expiry date</u>	<u>Number of shares</u>	<u>Exercise price</u>
		<b>\$</b>
December 2020	1,125,000	0.61
February 2021	250,000	0.37
July 2021	100,000	0.35
December 2021	270,000	0.235
May 2022	240,385	0.624
December 2023	1,020,000	0.61
June 2024	450,000	0.34
July 2024	1,000,000	0.35
	<u>4,455,385</u>	
<b>Warrants and brokers warrants outstanding :</b>	5,656,194	
Average exercise price of:	\$ 0.73	
<u>Expiry date</u>	<u>Number of shares</u>	<u>Exercise price</u>
		<b>\$</b>
June 2020	4,445,331	0.85
November 2021	1,210,863	0.30
	<u>5,656,194</u>	

**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 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 value. Programs conducted on the Company's mineral projects encompass exploratory searches for minerals.

**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 an estimation of mineral reserves. 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 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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**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).